DOCUMENT RESUME

ED 059 486 AC 012 390

AUTHOR	Foley, Eugene P.; And Others
TITLE	Effective Advertising.
INSTITUTION	Small Business Administration, Washington, D.C.
REPORT NO	Topic-14
PUB DATE	65
NOTE	80p.
AVAILABLE FROM	Superintendent of Documents, U. S. Government Printing Office, Washington, D. C. 20402 ($1.25); Small Business Administration, Washington, D. C. 20416 (on loan basis)
EDRS PRICE	MF-$0.65 HC-$3.29
DESCRIPTORS	*Administrative Personnel; Audiovisual Aids; *Business Administration; Case Studies (Education); *Course Objectives; Distributive Education; Educational Programs; Industry; Instructional Materials; Lecture; Lesson Plans; Library Facilities; *Management Education; Manuals; Professional Continuing Education; *Publicize; Research; Stimuli; Teaching Guides; Teaching Techniques; University Extension

ABSTRACT

The 14th publication in a series of subject presentations in the field of administrative management for use by educators and businessmen who teach management courses is presented. These presentations are intended to be particularly useful to Distributive Education in the smaller community where library research facilities are limited and equipment for the production of visual aids is not readily available. The lecture is designed to be presented to the businessman in nontechnical language. The Lesson Plan is an outline of the material covered which may be used as a teaching guide. The Presentation may be used as written or modified to meet local needs and conditions. The Visual Aids are photographic copies of the set of visual aids which are available for this topic. These visuals are 8- by 10-inch colored transparencies prepared for use on overhead projectors. The Supply Department contains materials which may be reproduced locally for distribution to course participants. Cases in Point are short actual small-business management cases which may be used to augment the presentation and to develop discussion. The Incubator contains ideas for stimulating further thought and discussion by the participants. A bibliography and list of Small Business Administration field offices are included. (CK)

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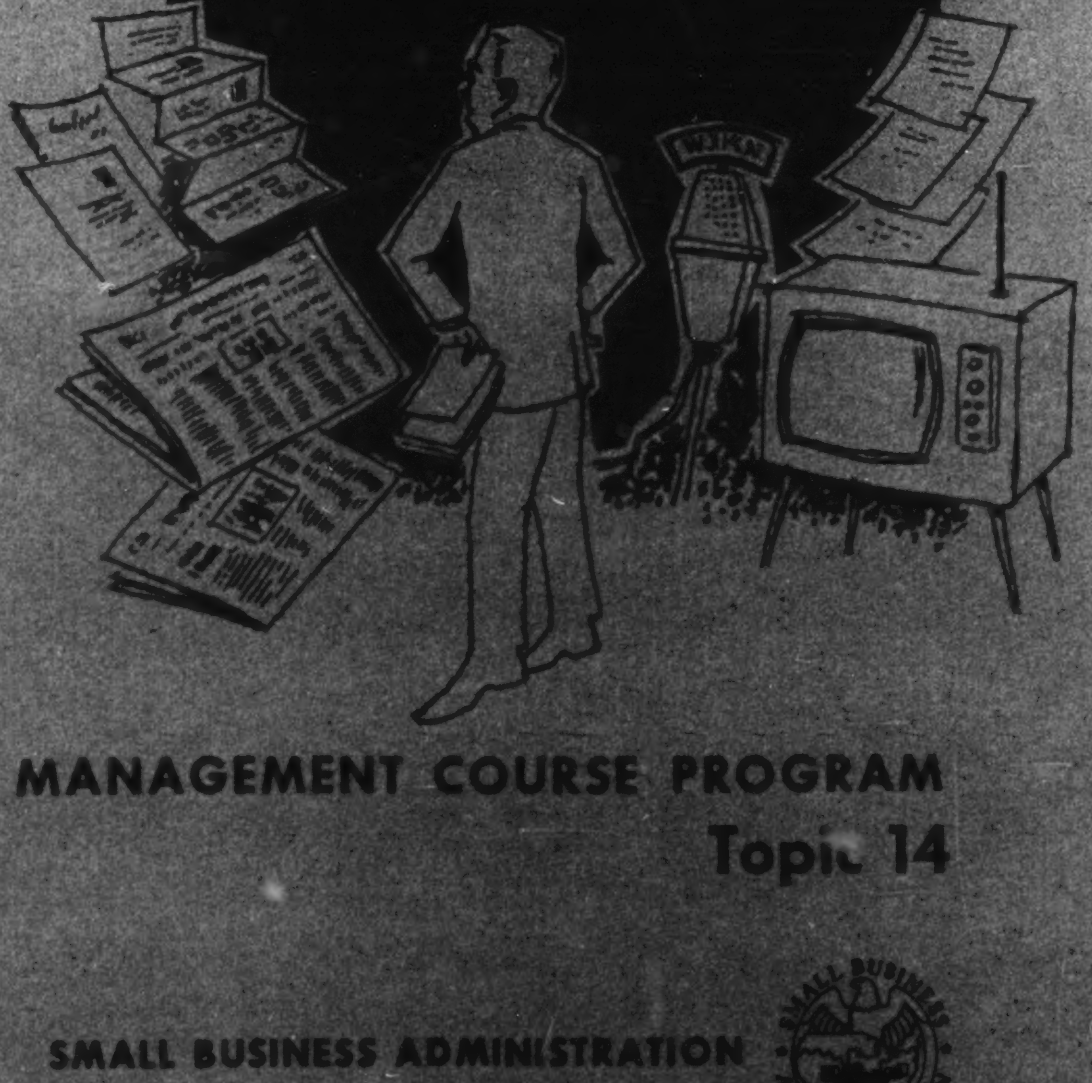
EFFECTIVE ADVERTISING



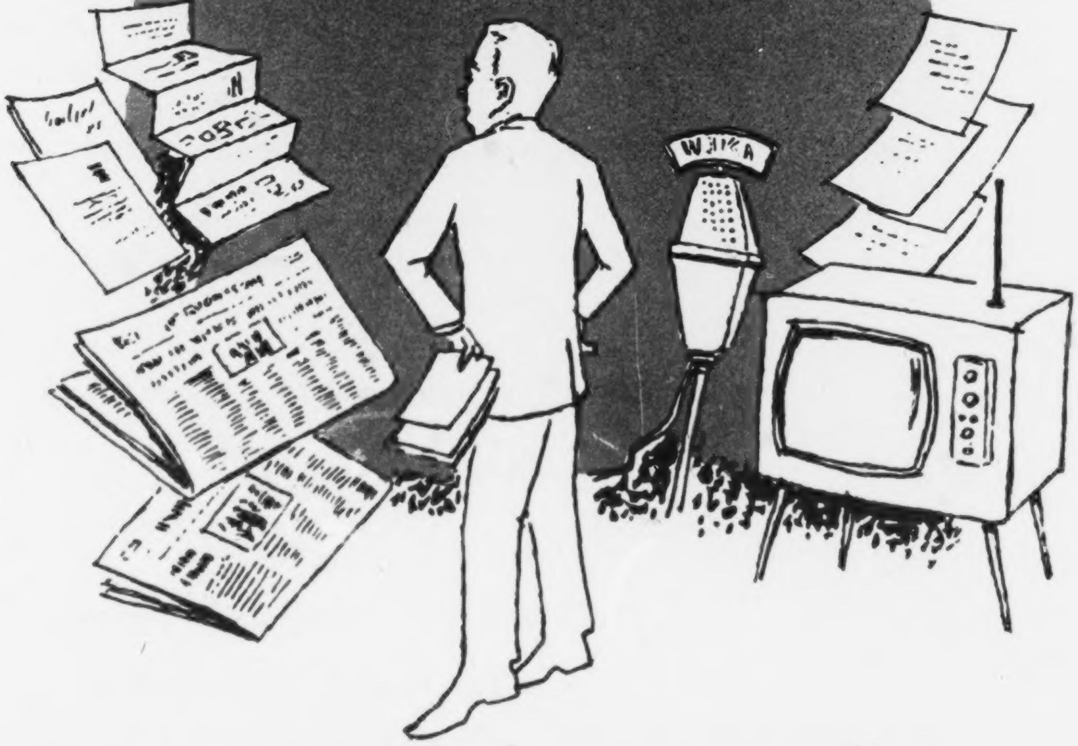
ADMINISTRATIVE MANAGEMENT COURSE PROGRAM

Topic 14

SMALL BUSINESS ADMINISTRATION

AC012 390

EFFECTIVE ADVERTISING



ADMINISTRATIVE MANAGEMENT COURSE PROGRAM

Topic ⑭

Small Business Administration
Washington, D.C. 20416 1965

SMALL BUSINESS ADMINISTRATION

Eugene P. Foley, *Administrator*

PROCUREMENT AND MANAGEMENT ASSISTANCE

Irving Maness, *Deputy Administrator*
Gerald S. Fisher, *Assistant Administrator*

OFFICE OF MANAGEMENT DEVELOPMENT

Wendell O. Metcalf, *Director*

COURSES AND CONFERENCES DIVISION

George C. Willman, Jr., *Acting Chief*

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FOREWORD

The Administrative Management Course Program was developed by the Small Business Administration in cooperation with educational institutions to bring modern management knowledge and techniques to the owners and managers of small businesses. Within 10 years nearly 900 universities, colleges, and local school systems have cosponsored almost 4,000 courses with this Agency. Over 110,000 owners and managers of small businesses have attended these courses. Distributive Education, working through the local school systems, has accounted for about one-third of these totals.

This is an outstanding demonstration of public spirit and service on the part of these hundreds of educational institutions. Yet, there remain many thousands of small-business owners and managers who have never had the opportunity to attend an administrative management course.

A committee on management education, consisting of representatives of the Small Business Administration and the Distributive Education Division of the American Vocational Association, was formed to study ways of meeting the small-business management needs of the small communities and very small businesses in poverty areas. The committee recommended that a series of subject presentations, including lesson plans, lectures, visual aids, case studies, and handout material, be developed to assist in the establishment of administrative management course programs in new locations. Further, it was felt that this material could substantially assist existing management programs, particularly by emphasizing the importance of continuing education for small-business owners and managers, and by assisting the busy instructor with his preparation.

SBA accepted the responsibility for developing a series of subject presentations in the field of administrative management for use by educators and businessmen who teach these management courses. This booklet is number fourteen in the series of seventeen. We believe that these presentations will be particularly useful to Distributive Education in the smaller community where library research facilities are limited and equipment for the production of visual aids is not readily available. It will also assist community planning groups in implementing the educational provisions of the Economic Opportunity Act of 1964.

The booklet was developed by the Courses and Conferences Division. I wish to express appreciation to the Richmond Public Schools System for granting leave of absence to John O. Perreault, who drafted the booklet. The final version was prepared by Lon D. Hefner under the administrative direction of George C. Willman, Jr., Acting Chief of the Division, assisted by John W. Clark. Thomas O. Barnes was editorial assistant. Artwork and visuals were prepared by Michael J. Fontana and Milton H. Weber of the Graphics and Design Branch, Office of Administrative Services.

Eugene P. Foley
Administrator

July 1965

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*A set of the visual aids is available from the nearest SBA regional office. These visuals are 8- by 10-inch colored transparencies for use on overhead projectors.

**Among the materials prepared as "handouts" to participants are several SBA free publications. Current information on the availability of suggested and new SBA publications may be obtained from the nearest SBA office.

A WORD ABOUT THIS SESSION

This publication, one of a series, is directed toward teaching management skills to the small-business man. When the term "management" is used, it refers to administrative management functions rather than to purely operational features of business. The complete set of subject presentations may be obtained on loan from the nearest Small Business Administration field office (listed on the inside back cover). Single booklets or complete sets may be purchased from the Superintendent of Documents, Washington, D.C., 20402.

This topic, Effective Advertising, was prepared to aid in teaching one session of a basic course. It contains sufficient material for a 45- to 60-minute lecture which is usually followed by a discussion period. The management case on page 59 can be used to extend the session or to form the basis for a second session on the topic.

The lecture is designed to be presented to the businessman in nontechnical language. It is one approach to informing the course participants about the use of advertising in their business. Instructors will probably prefer to modify or revise the lecture in order to use their personal background and experience in the subject area. They may also find it preferable to alter the topic to take account of the training or special needs of their class participants.

This topic may be handled by an advertising manager, a public relations man, or another whose training, experience, and interest qualify him. Guide for Part-Time Instructors, Distributive Education for Adults, a publication of the U. S. Office of Education, may prove useful to local instructors.

The various sections of the publication are separated by divider sheets of different colors. On the following page, these colors are given and the contents of the sections are briefly described.

Gray -- The Lesson Plan. An outline of the material covered which may be used as a teaching guide, or as a framework for developing an individualized presentation. The lesson plan contains two columns: the left-hand column is an outline of the presentation; the right is a step-by-step indication of procedure, including chalk-board suggestions, quotations, discussion points, and a keyed guide to the visual aids supplied.

Rust -- The Presentation. A carefully prepared subject presentation which may be used as written or modified to meet local needs and conditions. It may also be used as a source of information by a person preparing his own lecture.

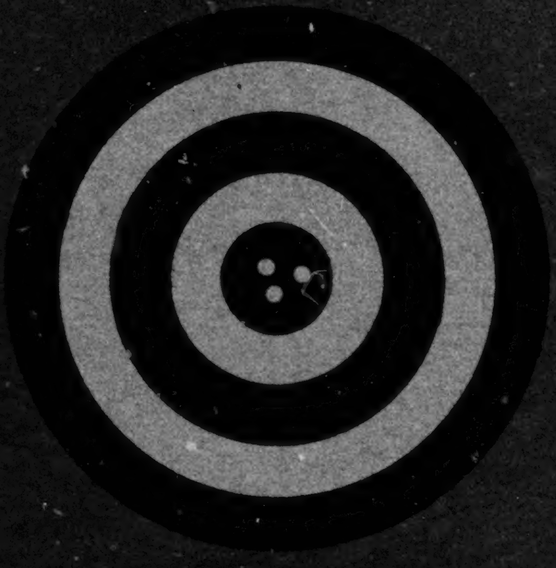
Buff -- The Visual Aids. Photographic copies of the set of visual aids which are available for this topic. These visuals are 8- by 10-inch colored transparencies prepared for use on overhead projectors. The subject presentation and lesson plan are keyed to the visuals. A set of visuals for each subject in this series may be borrowed from the nearest SBA regional office.

Green -- The Supply Department. Materials which may be reproduced locally for distribution to course participants. Your nearest SBA office can furnish information on current availability of SBA free publications, including titles published subsequent to this volume.

Yellow -- Cases in Point. Short actual small-business management cases which may be used to augment the presentation and to develop discussion, or as the basis for a second session on the same topic.

Blue -- The Incubator. Ideas for stimulating further thought and discussion by the participants. This material may be reproduced locally for distribution to course participants. "Assignments" are designed to aid in retention of the subject matter of the session.

Note: See back cover for index reference to the divider sheets.



THE LESSON PLAN

A Keeping on Target

Section

Good teaching depends on good planning. A session objective or target must be set. Then the points are selected that will enable one to keep hitting the heart of that target.

The [illegible] give the participant the [illegible] things he SHOULD KNOW. [illegible] the topic can be embellished [illegible] elements.

The [illegible] if it is used as a guide, it will [illegible] the major points while at [illegible] to grasp the subject.

STIMULATE GROUP BY SERVING AN INSTRUCTIONAL COCKTAIL

RECIPE

Use The Three B's (Bubbles)

○ ***Base*** instruction on problems at learners level.

○ ***Blend*** instruction with job experience.

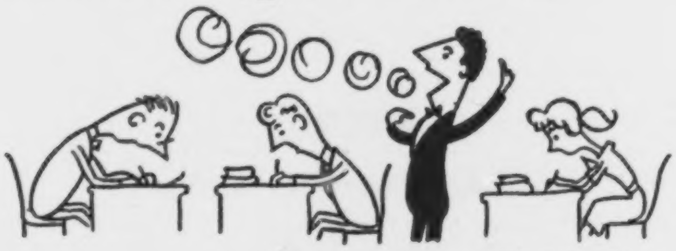
○ ***Brighten*** instructions with variety of ***illustrations, investigations*** and group ***participation.***

FOUR BASIC STEPS OF INSTRUCTION

Instructing is like selling - -

Selling	**Instructing**
1. Approach customer	1. Prepare the group
Promptness	Start on schedule
Put at ease	Put group at ease
Awaken ***interest***	***Awaken*** interest
2. Present merchandise or service	2. Present information
Select merchandise to fit need	Gauge material to needs
Show one item at a time	Present one point at a time
Demonstrate ***selling points***	***Show, illustrate, question***
3. Have customer take part	3. Have group participate
Get merchandise into customer's hands	Get group to ***discuss***
Let customer "try on" merchandise	Have members ***demonstrate*** or ***use*** ideas
Answer questions and meet objections	Answer questions and correct errors
4. Bring sale to close	4. Bring meeting to a close
Help customers decide; ask:	Check on understanding; ask:
"which"	"why" "how"
"for whom"	"when" "what"
"when"	"where" "who"
Be sure merchandise fits need	Be sure group now can use information
Summarize points of care and use	Summarize "take away" ideas
Handle mechanics of sale	Make a definite conclusion
Pave way for return visit	Pave way for next session

How To Deal With "Difficult Customers"



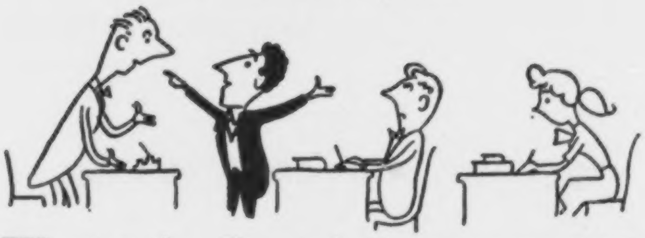
What To Do

THE "MOUTH"—wants to do all the talking.

Take the play away from him by asking others to comment on his remarks.

Deliberately turn to others and ask for their opinions. Avoid looking at him.

Tactfully ask him to give someone else a chance, or talk to him in private.

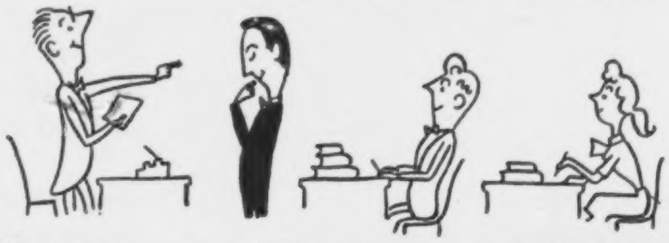


THE "ARGUER"—constantly tries to catch you up.

Keep cool. You can never "win" an argument. Always make him back it up. Ask for evidence.

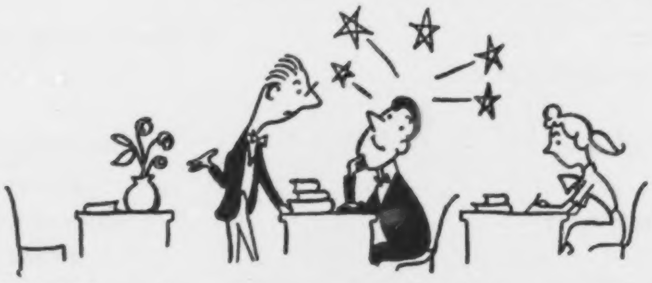
Avoid getting personal.

Refer the question to the group and then to him.



THE "MOUSE"—is in every group.

Call him by name and ask him for an opinion. Ask him an easy question he is sure to answer well, then praise him. This person is worthy of your attention.



THE "SO-WHATER"—is disinterested.

Point up something he has done as a good example of the point being stressed. Ask direct questions affecting his work.

LESSON PLAN

TOPIC: EFFECTIVE ADVERTISING

OBJECTIVE: To give the owner/manager the background information he needs to make the best decisions in matters of advertising for his own business.

SESSION CONTENT	TIPS AND APPROACHES
I. NEED FOR ADVERTISING	
A. Importance of advertising	Discuss; use hand bell to emphasize.
B. Inventories as an expense	
C. Business success dependent on sales	
D. Postwar prosperity	
E. Need to increase consumer sales	
1. To maintain living standards	
2. To accelerate economic growth	
II. ROLE OF ADVERTISING	
A. A mass customer motivator	
1. Word-of-mouth advertising	Discuss word-of-mouth advertising and point-of-sale advertising, stressing slowness and unpredictability.
2. Point-of-sale advertising	
B. Need no longer questioned	

III. POWER OF ADVERTISING	
A. Drawing power	
1. Advertising is magnetic force	Use magnet illustration. Visual No. 14-1. Demonstrate, if possible.
2. Seeking potential customers	
3. Need to grow	
a. Consumer tastes and loyalties changing	
b. Population shifts	
c. Changes in old and young generation	
B. Holding power	Show Visual No. 14-2, on trademarks. See how many can identify the business or products represented.
1. Retention of old customers	
2. Other benefits	Visual No. 14-3. Use progressive disclosure technique to show trademarks.
a. Identify merchandise or service	
b. Build confidence	
c. Create goodwill	
d. Increase sales and turnover	
e. Reduce expense by spreading it	
3. Limitations of advertising	Visual No. 14-4. "4 Things Advertising Can't Do." Distribute Handout No. 14-1.
IV. ADVERTISING AND MANAGEMENT DECISIONS	
A. Problems of advertiser	Chalkboard.
1. What to advertise	
2. Where to advertise	
3. When to advertise	
4. How to go about it	

B. Factors in deciding to advertise	Chalkboard. Discuss.
1. Advertising goods or services	
2. The price-cut come-on	
3. Advertising the owner or employees	
C. Analyzing the business	Chalkboard.
1. Is it unique or outstanding?	
2. What are its strengths?	
3. What do you have to offer?	
D. Analyzing the market area	
1. Independent store	
2. Chain store	
3. Shopping center	
E. Analyzing prospects--best to poorest	
V. SELL PRICE OR QUALITY	
A. Price advertising	
B. "Quality" advertising	
1. Prestige type	
2. Institutional type	
a. Years in community	Chalkboard.
b. Important jobs done	
c. Prestige of service offered	
C. Make one point, not many	
D. Name brands and product advertising	Discuss; show Visual No. 14-5.

VI. CONSUMER BUYING CYCLE

A. Awareness

Visual No. 14-6.

B. Interest

C. Investigation

D. Analysis

E. Decision

F. Purchase

VII. ADVERTISING APPEALS

A. People buy want-satisfaction

B. Things people want:

1. Convenience or comfort
2. Love or friendship
3. Desire for security
4. Social approval or status
5. Life, health, and wellbeing
6. Profit, savings, or economy
7. Stylishness

C. Three basic appeals:

Visual No. 14-7.

1. Thrift
2. Service
3. Quality

D. Repetition

VIII. SELECTING MEDIA

A. Newspapers

1. Contract rates
2. Using staff knowhow

3. Positioning hints on best ad placement	Visual No. 14-8. Discuss pros and cons.
a. Don't quibble about details	
b. Write copy plainly	
c. Beat copy deadline	
d. Don't make last-minute changes	
e. Pay bill promptly	
4. Use of classified ads	
B. Radio-TV advertising	
1. Costly; try time rates, group advertising	
2. Overcoverage	
3. Guidelines	Visual No. 14-9.
a. Small stations cheaper	
b. Test listener appeal	
c. Check number of commercials	
d. Determine pattern and schedule of programming	
e. Keep spots short, interesting	
C. Handbills	Discuss use and results of various methods of distribution. Distribute Handout No. 14-2.
D. Direct mail ads	
IX. ADVERTISING AND TYPE OF BUSINESS	
A. Quality/nonpromotional, semipromotional, and promotional businesses	
B. Image in community	Discuss, using sample ads from local community. Visual No. 14-10.
1. Cheap or expensive	
2. Neat or sloppy	
3. Thoughtful or indifferent	

4. High integrity or questionable methods	
5. Warm and friendly or cold and impersonal	
X. COST OF ADVERTISING	
A. Advertising budget	Distribute Handout No. 14-3.
1. Include expense in markup	
2. Set aside definite amount	
3. Provide in budget for	
a. Time span of program	
b. Size, type, and layout of ads	
c. Media to be used	
B. Check budget periodically	
XI. GEAR ADVERTISING TO SALES GOAL	
A. Example of the dry cleaner	
B. Measuring the quality of an ad	
1. 8 qualities of a good advertisement	Visual No. 14-11.
2. 4 effects of a good advertisement	Visual No. 14-12.
XII. HANDLING OWN ADVERTISING OR USING OUTSIDE HELP	
A. No pat answer	
B. Sources of help	
XIII. SUMMATION	

EFFECTIVE ADVERTISING

YOU DON'T MAKE A NICKEL UNTIL THE BELL RINGS

Just as sales are the life blood of a business, advertising and sales promotion are the transfusions that keep sales alive and active and the business profitable. Advertising and sales promotion are, of course, parts of the same effort. But because of our limited time, we will speak only of advertising in this presentation--reserving discussion of sales promotion for another time.

Never has advertising been a more vital tool to managers of small business than it is today. The finest product or service is useless until it is in the hands of a consumer or user. Inventories, as long as they remain on your shelves or in your stock bins, are not a profit but an investment--an element of expense.

In our highly competitive economy, business success depends on the sales that are rung up on the thousands of cash registers across the land. The cash register is the focal point of the business, and you don't make a nickel until its bell rings.

The postwar years in the United States have witnessed the greatest material prosperity ever known to man. And the years ahead promise even greater growth--if we can accelerate consumer buying. This is the reasoning behind Government attempts to increase the purchase of consumer goods by releasing more consumer buying power. Aside from political or purely statistical considerations, the fact remains that as a Nation we must increase our consumer sales if we are to maintain today's living standard for our increasing population.

ROLE OF ADVERTISING

Most people must be motivated to want before they will buy. And advertising is our mass motivator.

When you greet the customer who enters your place of business, you are advertising. When you display an item of merchandise in your showroom instead of storing it in your stockroom, you are advertising. And when Mrs. Smith tells Mrs. Jones about the wonderful service you offer, that's advertising of the most valuable kind.

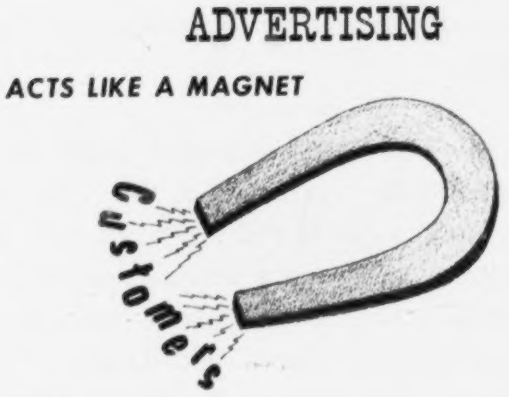
Yet word-of-mouth advertising and point-of-sale advertising, such as these examples, are slow and, to a degree, unpredictable. To increase sales, we must accelerate the means of motivation. Many times, the difference between point-of-sale and mass advertising is as great as the difference between creeping and running. And we must run, and run fast, if we are to succeed in our goal.

Whether a business organization should advertise is no longer questioned. Now, we ask, "How much?" and "What kind?"

ADVERTISING HAS POWER

The old saying, "Build a better mousetrap and the world will beat a path to your door," no longer holds true. The businessman of today must be able to overcome resistance, inertia, and competitive claims. Advertising can be that magnetic force.

Drawing Power



Visual No. 14-1

Let's use a magnet to illustrate this drawing power. The magnet represents your business and the high degree of internal pulling power it has because of the quality of your products and the nature or caliber of your services. A handful of steel shavings representing potential customers--sprinkled around but slightly removed from the magnet--would give us the situation of a business with a certain amount of pulling power within an area of potential trade. Very little happens because the internal pulling power of the magnet or business is not enough in itself to draw customers.

But if we attach a couple of steel rods to the poles of the magnet, the shavings (or customers) will immediately cluster around the steel rods. The rods, in effect, have extended the internal pulling power of the magnet itself.

In a business, the arms that extend the internal drawing power and reach out to mass markets are the arms of sales promotion and advertising. By means of their drawing power, customers are attracted to the business.

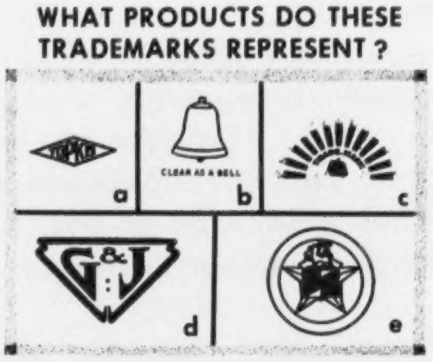
Recently a linoleum maker's survey found that 80 percent of the people interested in using linoleum (not just for kitchens, but for other areas of the home such as halls, play rooms, dining rooms, and so forth) could not give the name of a single retail store where they could buy it. What a tremendous potential of prospects not yet tied to a competitor!

Holding Power

But what about those businessmen who are satisfied with the status quo, the volume of business they're now doing? Fortunately, there aren't many because no business can stand still for long. It must do better or it will do worse. It must grow or it will diminish. It must attract new customers because the market itself is in a constant state of flux. Consumer tastes and loyalties change, people are continually moving into or away from a trade area. An older generation dies or retires and a younger one takes its place. In other words, we might go back to our magnet example and say that in addition to having "drawing power," advertising has "holding power." Even if you don't want more business, you do want to protect what you already have. Stop advertising and what happens?

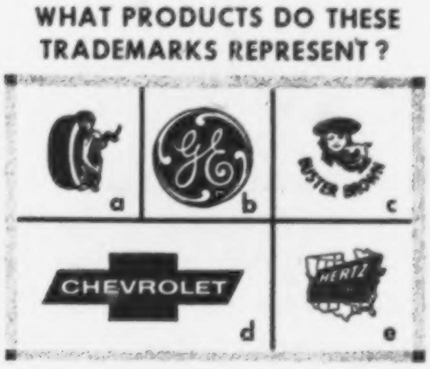
The National Retail Merchants Association estimates that the average store would have to go out of business in 3 or 4 years if it did no advertising because the average store loses between 20 and 25 percent of its customers each year, and these must be replaced just to maintain the status quo. This means that if you have 1,200 customers, you must add one customer a day to replace the one you lose.

Or consider the following trade marks. They represent products or services that led the American market less than a generation ago. Today, they are mostly forgotten because these products are no longer advertised -- for one reason or another. Now let's take a look at a second set representing products that came upon the American scene about the same time as those we have just seen. They are very much alive today, and a part of that life they owe to the holding power of continued advertising.


WHAT PRODUCTS DO THESE TRADEMARKS REPRESENT ?
a
CLEAR AS A BELL
b
c
G&J
d
e

Visual No. 14-2

These examples illustrate advertising's two top objectives: to draw in new customers, and to help hold old ones.


WHAT PRODUCTS DO THESE TRADEMARKS REPRESENT?
a
GE
b
BUSTER BROWN
c
CHEVROLET
d
HERTZ
e

Visual No. 14-3

Advertising can also identify a business with the goods or service it offers.

It can build confidence in a business.

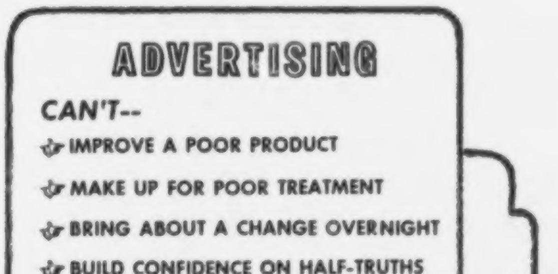
It can create good will.

It can increase sales and speed turnover.

It can reduce your expenses by spreading them over a larger volume.

However, there are a number of things advertising cannot do.

1. Advertising can't make a business prosper if that business offers only a poor product or an inferior kind of service.
2. Advertising can't lead to sales if the prospects which it brings in are ignored or poorly treated.
3. Advertising can't create traffic overnight, or increase sales with a single ad. (Unfortunately, many smaller businesses follow this kind of touch-and-go advertising policy.)
4. Advertising that is untruthful or misleading will not build confidence in the business that sponsors it.


ADVERTISING
CAN'T--
IMPROVE A POOR PRODUCT
MAKE UP FOR POOR TREATMENT
BRING ABOUT A CHANGE OVERNIGHT
BUILD CONFIDENCE ON HALF-TRUTHS

Visual No. 14-4

ADVERTISING AND MANAGEMENT DECISIONS

Management is the decision-making process applied to planning, organizing, directing, and controlling business operation. How does advertising fit into this management decision picture? Most alert businessmen want to advertise. The problems are:

What to advertise?	When to advertise?
Where to advertise?	How to go about it?

No book--and no outsider--can give you the specific answers to these questions. Your business is yours; you must make the decisions because only you know all of the factors that go into the decisions that affect your business. What we can point up are the kinds of information you will need to make your decisions intelligently--decisions that will help to bring more customers, more sales, and more profits to your business.

Some of these decisions will revolve about these questions:

1. Should I advertise goods or services?
2. Should I always feature a price-cut come-on?
3. Should I advertise myself and my employees?

The answers will, of course, depend on your own business situation and where you want to go. First, think about your business.

1. In what ways is it unique or outstanding?
2. What are its strengths?
3. What do you have to offer that the competition can't or doesn't duplicate?

These are your starting points in making advertising decisions. The basic determination on what to advertise depends largely on the type and nature of your business.

As a preliminary step in setting up your advertising program, analyze your marketing area, bearing in mind that:

1. The average independent store draws customers from not more than a quarter of a mile.

2. The average chain store draws customers from not more than three quarters of a mile.

3. The average shopping center draws customers from as far away as four miles.

When you advertise outside your market, all you're buying is waste coverage. So here are the things you should know:

Who are your customers or potential customers?

What income groups are they in?

Why do they buy? (Home or office, price or quality? On recommendation, or through advertising?)

How do they buy? (Cash or charge; do they want discounts? How often do they buy; what quantities?)

Where do they live? (In the neighborhood, or some distance from the store?)

How do they like your facilities, products, service?

It is also important to analyze your best, next best, and poorest prospects in your market area. Doing this will inform you about sales possibilities, the buying habits and the ability to buy of people in your market area, and basic trends in your market area. Knowing these factors gives you a sounder basis for developing selling and advertising appeals and selecting media.

DO YOU SELL PRICE OR QUALITY?

If low price is the basis of your business, then advertise price. Don't waste your money on pretty pictures, and don't be modest. Price advertising attracts price-conscious customers. If you cater to this group, talk their language.

If your business is patterned on quality, two main types of advertising are open to you, and you'll probably want to do some of each.

First, you'll want to tell people about:

1. New quality products or improved designs that you are offering.

2. Fresh, varied, and prestige stock or services.

3. Occasional sales for:

    a. Anniversaries or special occasions.
    b. Discontinued lines or remnant stock.
    c. New business development.

Second, you may want to advertise yourself and your organization rather than its products. This is called institutional advertising. The name sounds stuffy, but the advertising needn't be and shouldn't be.

With institutional advertising you can either be very dull and waste a lot of money, or you can do some of the most interesting, effective, and customer-producing advertising that a business can command. In institutional advertising you should emphasize:

1. Your years in business in the community.

2. Important jobs you have done.

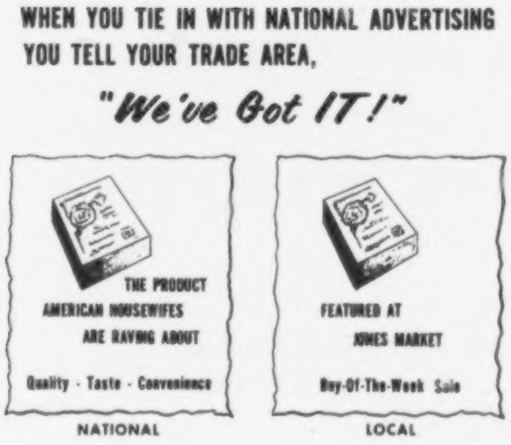
3. The prestige of your service.

But remember: In advertising, say only one thing at a time. Choose the major point you want to make, and make it as effectively as you can. In other words, if the story you've chosen to tell is worth the telling, don't dilute it by mixing in a second or third one at the same time. If you try to feature everything in the same ad, you'll end up by featuring nothing.

Name Brands and Product Advertising

You can give your advertising dollar a running start when you feature nationally advertised products or services, materials, equipment, etc. Manufacturers spend millions of dollars annually to advertise their products. By using these brand names and symbols in your own promotion, you can associate your firm with this national advertising and reap the benefits of the drawing power of household names and the holding power of what the public regards as quality products or services.

National advertising helps to presell a product, but it doesn't tell where to buy it. When you tie in with national advertising, you tell your trade area, "We've Got It!"

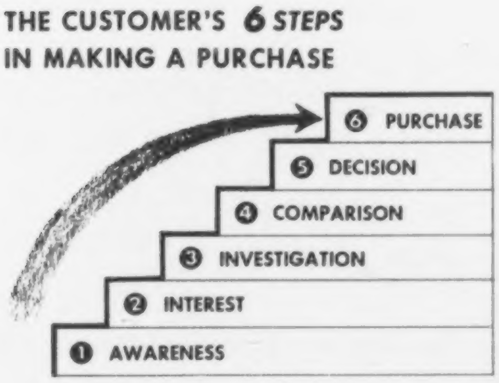

WHEN YOU TIE IN WITH NATIONAL ADVERTISING
YOU TELL YOUR TRADE AREA,
"We've Got IT!"
THE PRODUCT
AMERICAN HOUSEWIFES
ARE RAVING ABOUT
Quality - Taste - Convenience
NATIONAL
FEATURED AT
JONES MARKET
Buy-Of-The-Week Sale
LOCAL

Visual No. 14-5

THE CONSUMER BUYING CYCLE

Long before they visit a store, most customers do preliminary shopping in their homes through newspaper and magazine advertising, television and radio commercials, and direct mail literature or circulars delivered to the home.

When customers do go to a store, it is only natural that they go to the ones whose names, products, and services are familiar to them through advertising. In making purchases, customers almost always go through the following steps:


THE CUSTOMER'S 6 STEPS
IN MAKING A PURCHASE
6 PURCHASE
5 DECISION
4 COMPARISON
3 INVESTIGATION
2 INTEREST
1 AWARENESS

Visual No. 14-6

1. They are made aware of the product and service through advertising.
2. They are stimulated to know more about it by the advertising appeal.
3. They go to a store to investigate.
4. They analyze benefits and compare value.
5. They then make a decision, helped by point-of-sale promotion and intelligent selling.
6. They are satisfied and buy.

You can see that advertising is one of your most important budget items because it attracts to your place of business the shoppers and customers who make it possible for you to meet your expenses and make a profit.

ADVERTISING APPEALS

To understand the job your advertising will have to do, you must look beyond material features or the obvious and search out the intangible appeals that cause people to buy. People don't buy things--they buy goods that satisfy their wants. Every product or service that is marketable has some benefit that the potential customer must see and want before you can ring up a sale.

People Buy Want-Satisfaction

A toothpaste maker uses these appeals:

It helps to remove dingy film.
It penetrates crevices.
It washes away food particles.
It cleans and beautifies the teeth.

A motor oil refiner uses these:

It gives a motor pep and power.
It provides a quicker get-away.
It dissolves sludge, carbon, and motor varnish.
It saves up to 15 percent in gas and oil.
It frees sticky valves and rings.

Things People Want

Peoples' wants are fairly standard. Most will react to one or another of the following appeals:

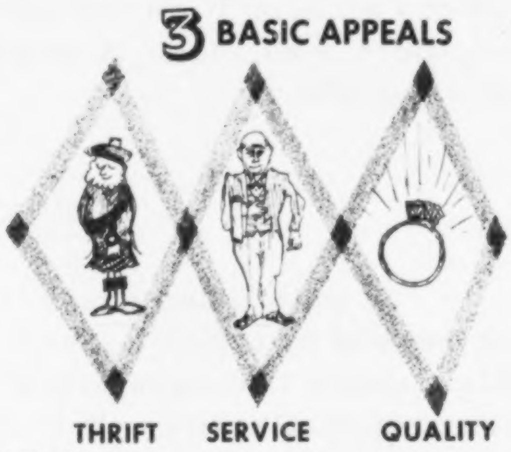
Convenience or comfort.
Love or friendship.
Desire for security.
Social approval or status.
Life, health, and well being.
Profit, savings, or economy.
Stylishness.

And these may be further simplified to the 3 Basic Appeals:

Thrift (bargain appeal)

Service (convenience appeal)

Quality (snob appeal)



Visual No. 14-7

Interpret your products or services in terms of these appeals. As you advertise, some appeals will get better results than others. Stick with these and reject the weaker ones. In deciding on appeals, remember that women (1) generally read advertising more than men, (2) buy approximately 80 percent of all necessities, and (3) greatly influence all other purchases. Only at the lowest income levels do men assert greater influence than women.

SELECTING MEDIA

The time and place you advertise are just about as important as what you say. Your object is to get your advertising message to good prospects, and this means choosing which medium to use to spread your message.

To reach your prospects, you must determine your best media of communications. Should you use newspapers (city, neighborhood, shopping); direct mail (letters, bulletins, manufacturer's literature); radio-television spots (time? when? what?), programs (prestige? public service?); telephone and city directories (long range, not immediate)?

Determining your best media depends on many factors. If you are located in a small town, where most people normally come into town to buy, then the town newspaper, television, or radio could give you good coverage without waste.

On the other hand, if you are located in a section of a good-size city where it would be inconvenient for people from other sections of the city to shop, it would be foolish to advertise in the city paper or television or radio because you'd be buying too many readers or listeners who could not conveniently shop at your business. In this instance, it's better to use a community paper or direct mail.

It is very important to select the media that will thoroughly cover your market and allow you to tell your story the way you want. For instance, the postman will deliver your direct mail message right to the homes of the persons you want to reach, in any form you desire, and as large or small as you wish. This is one of our most effective advertising media, yet few businessmen use it properly.

Newspapers

Newspapers are the retailer's primary medium because, daily or weekly, they reach the greatest number of consumers. You can be sure that a newspaper's readers are three or four times the announced circulation because almost every copy is seen by several readers.

A newspaper is a shopping guide for consumers in its circulation area. It gives them information not only on what is available, where, and at what price, but it also advertises interesting community events and other services that will draw people into a trade area--entertainment, recreation, food, conveniences.

Use of your local newspaper for advertising will depend on how much of the market area you aim to serve is covered by the newspaper's circulation. If the bulk of your business is drawn from only a small portion of the area the paper covers, you will be paying a premium for advertising that does no good. Very small neighborhood businesses might do well to look at the possibility of using limited circulation neighborhood or shopping papers for advertising within a specified area. Here again, however, check the reader interest of such papers. In some areas well-edited neighborhood papers are read with great interest, but in others they are thrown away or regarded as a nuisance.

Contract Rates

You may think you can't afford to advertise in more than one paper because the volume of your sales will not support increased advertising expenses. However, before you throw in the towel, look into the possibility of contract rates. By using only one newspaper and by following a pre-arranged advertising schedule, you will probably find it possible to buy regular advertising at a preferred rate.

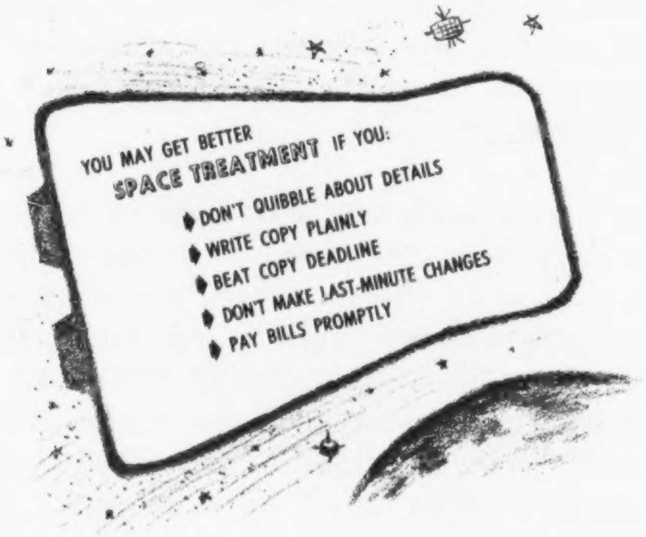
Use Staff Knowhow

You probably don't have your own advertising staff, but you can get a lot of help--particularly with copy preparation and layout--by working with your newspaper's advertising department staff. Chances are, it will have a stock of attractive standard cuts or can prepare custom cuts for you at minimum cost.

Positioning

Getting a good spot for your ad is desirable, but not always possible. Only rarely can you get a guarantee for a specific location, but you can usually arrange to have your ad appear on a certain page or in a given section. Occasionally, you may find your ad at the bottom of the page or next to an ad of your major competitor. It's important, therefore, to depend more on layout, design, and copy than to rely on a specific location. Always try to design your ad so that it won't be lost in the maze of an advertising page.

Some hints that may help you get better space treatment:


YOU MAY GET BETTER
SPACE TREATMENT IF YOU:
DON'T QUIBBLE ABOUT DETAILS
WRITE COPY PLAINLY
BEAT COPY DEADLINE
DON'T MAKE LAST-MINUTE CHANGES
PAY BILLS PROMPTLY

Visual No. 14-8

1. Don't quibble about insignificant details.
2. Write or type your copy plainly and without mistakes.
3. Hand in your copy well before publication deadlines.
4. Don't ask for last-minute changes--except in rare emergencies.
5. Pay your bill promptly. (Frequently, newspapers offer a significant discount for immediate payment.)

Classified Ads

Before we move on to discuss other types of advertising, let's consider classified as contrasted with display advertising.

(1) Most people use the classified pages to look for specific items or services at featured prices.

(2) Merchandise that is a special value and that makes for "consumer bargains" is readily sold through classified ads.

(3) Closing-out of discontinued lines or old models of major and minor household appliances is readily handled through classified ads.

(4) Used cars, antiques, scarce items, and distress merchandise are inexpensively advertised in classified sections.

Telephone yellow pages and classified sections in city directories are based on similar appeals, but they have somewhat greater prestige and give an impression of stability. They are particularly effective in service businesses where there is little opportunity for bargain sales or seasonal promotions. Directory advertising stresses availability, reliability, permanence, prestige, economy.

Radio-TV Advertising

Only recently have smaller businesses begun to use radio and TV advertising to any appreciable extent. For the most part, rates have been so high that only a big organization with high-volume sales could support such advertising. General radio and TV advertising is costly to the small operator, but by using "time rates" and group advertising, the broadcasting stations are making significant efforts nowadays to bring costs within the budget of the smaller advertiser. "Spot" announcements, if worded appropriately and timed correctly, get good results and are not too expensive for normal small advertising budgets.

Before you buy radio or TV advertising, consider several factors just as you would in newspaper advertising. It is possible to buy coverage that does you no good. For instance, if you buy time from a broadcasting company that has an effective range of 100 miles in every direction, you are charged a rate calculated on the entire broadcast range--even though your own trade area may extend only 2 miles in any direction from your business location. But this is the premium you will pay to get your message to the people within a few miles of you. This is neither good advertising nor good management.

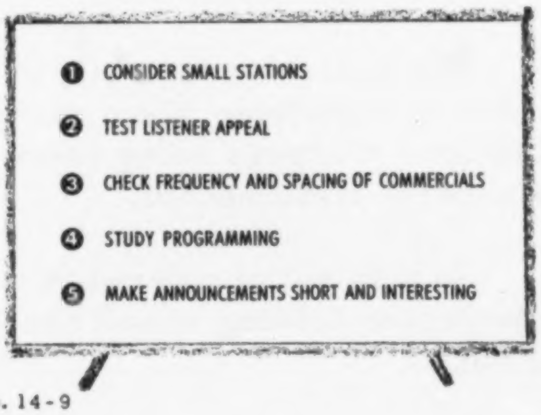
Guide to Radio and TV Advertising

Here are some broad guides to radio-TV advertising for the small businessman:

1. Small stations or stations in small towns are less expensive and often more efficient in reaching a target audience.

2. Where possible, choose the station projecting the strongest listener appeal.

GUIDES TO RADIO/TV ADVERTISING:



❶ CONSIDER SMALL STATIONS
❷ TEST LISTENER APPEAL
❸ CHECK FREQUENCY AND SPACING OF COMMERCIALS
❹ STUDY PROGRAMMING
❺ MAKE ANNOUNCEMENTS SHORT AND INTERESTING

Visual No. 14-9

If several stations are available, test all of them over a period of time to determine if their usual programs are the kind your potential customers would find appealing. For instance, if you are directing your advertising to the teenage crowd, you wouldn't select a station that plays symphonic music a good part of the time. On the other hand, you wouldn't choose a rock-and-roll station to push handcrafted furniture.

3. Check the number of commercials that are broadcast. Just as you don't want your newspaper ad to get lost on a page, you don't want your radio-TV announcements crowded in with scores of others. Find out if announcements are run together or are separated by interesting program elements that should hold audience attention.

4. Study a station's programming schedule. Try to get time just before, just after, or during a program having significant listener appeal. Sports events--such as baseball or football games, for instance--are excellent time periods for advertising male appeal merchandise, sports equipment, and cars.

5. Make your announcement short and interesting. Prices and values should be featured in spot announcements. If you decide to use prestige and institutional advertising, sponsored programming is better.

Handbills

The handbill was at one time the most used medium in retail advertising. It is still an important tool for many small retail and service businesses and the most economical means of small-volume advertising, if well handled. Handbill advertising is more readily controlled than other forms of promotion because it is distributed directly by the business doing the advertising, and it is cheap to produce--by mimeograph, multilith, or silk screen printing. (Whichever method is used must be neat, legible, and attractive or the advantage is lost.) The handbills can be distributed over the specific area that is expected to give the greatest return, and they can also be passed out in the store or laid out on counters for customers. Another technique is to insert them in packages and bills.

Handbills can be costly if not properly distributed. The people you hire to distribute them must be trustworthy, or else you are apt to find your message being thrown away, stuffed in empty mail boxes, or otherwise misdirected.

Also to be considered is community reaction to handbills. Some people resent finding unsolicited materials on their porch or in their mail box.

Direct Mail Ads

Direct mail has many of the advantages of handbills, and it is also a bit more dignified and personal because it can be directed to an individual customer.

Direct mail is more selective than newspaper, radio-TV, or handbills. To insure adequate but controlled coverage, use a selective mailing list compiled from your own business records or from various sources in your community. (Instructor will probably want to give local examples.) Telephone and city residence directories are also useful for this purpose.

Direct mail is somewhat more expensive than handbill advertising, but it will give you greater latitude because:

1. You can say more.
2. You can try novel ideas on selected clients.
3. You have a better chance to get across your business "personality."
4. You can use a more personal approach and appeal.

In addition to promotional sales letters and postal cards, direct mail advertising also includes stuffers to go into other mail (for example, bills). Using stuffers can save you quite a bit on postage.

ADVERTISING AND TYPE OF BUSINESS

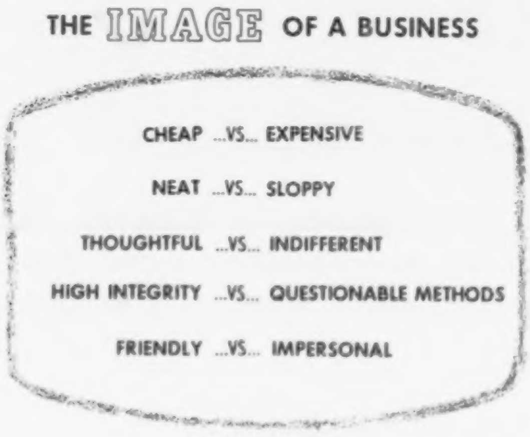
Your advertising program will depend on your type of business:

- If you have a quality, nonpromotional business (for example, an exclusive luggage shop), your advertising budget should be largely devoted to regular-priced merchandise advertising and to institutional, or prestige, advertising. You will need large amounts of clearance advertising, however, at the end of selling periods or seasons in order to get rid of slow movers and make way for new goods.

- If you have a semipromotional business (for example, a ladies high-fashion shoe salon), the largest share of your advertising will go to pushing regular-priced lines, but you will also need a sizable sum for special promotion advertising covering traditional sales events. If you have a well-rounded advertising program, you will have only an occasional need for clearance advertising.

- If you have a promotional business (for example, a discount appliance shop), the bulk of your comparatively large advertising budget will be applied to the special promotions that you depend on for large, immediate volume. You will seldom find it worthwhile to spend money on institutional advertising, except when you want to stress the policies you follow which make low prices possible. Promotional businesses require relatively little clearance advertising.

Each business has an image it presents to the community and its customers:



THE IMAGE OF A BUSINESS

CHEAP ...VS... EXPENSIVE

NEAT ...VS... SLOPPY

THOUGHTFUL ...VS... INDIFFERENT

HIGH INTEGRITY ...VS... QUESTIONABLE METHODS

FRIENDLY ...VS... IMPERSONAL

Visual No. 14-10

It can be "cheap" or "expensive"

It can be "neat" or "sloppy"

It can be "thoughtful" or "indifferent"

It can have "high integrity" or use "questionable methods"

It can be "warm and friendly" or "cold and impersonal"

These are several of the possibilities; you'll note that in each instance the image is created by your advertising, the appearance of your business, store, or office, and by you and your employees.

No matter what type of business you have, without customers you have nothing. So spend the money you need to get them and to meet your goals. Don't chisel on your advertising budget.

DOES ADVERTISING PAY ITS WAY?

Effective advertising should pay you dividends, in the form of greater sales volume, in proportion to the amount of money you spend on it.

1. Your additional dollars of sales volume should total enough to pay for the advertising and the merchandise, operating expense, and net profit on your sales.

2. The amount of money you plan to put into advertising should be based on the business objective you hope to achieve, the type of business you have, and the medium you decide is the most economical for reaching your particular goals effectively.

Your Advertising Budget

Promotion is a part of your operating expense, and you should budget it just as you would other expenses. In order to avoid overspending or underspending, set up an advertising budget that can be used as an effective policy guide.

1. Include the expense of advertising in your markup calculations.

2. Put a definite amount into your operating budget to cover the cost of promotion.

    a. Find out the national averages of advertising percentages to sales ratios for your type of business.

    b. Adjust them to your local situations or conditions.

3. Make provisions in your budget for:

    a. The time or duration of your advertising program.

    b. The size, type, and layout of the ads you intend to use.

    c. The media you plan to use.

4. Check your budget periodically to be sure that your policy is getting results and that your estimated expenses were realistic.

GEAR ADVERTISING TO SALES GOAL

The first step you must take in planning an effective advertising campaign is to decide what you want advertising to do for you. Let's suppose, for example, that you have a dry cleaning business, that currently your sales volume is $50,000 a year, and that you want to double it within the next 5 years. Next year, then, you would need a volume of $60,000. After carefully considering all the factors that might determine the amount of money you could spend on advertising, suppose you decide that $750 would be about right. By dividing $750 by the planned sales volume of $60,000, you will find that the proposed advertising budget is equal to 1.25 percent of sales.

Most successful dry cleaners of your size spend between 2 and 3 percent of sales for advertising; thus the proposed $750 expenditure would appear to be far short of the amount needed for the growth you expect. You would have to spend about twice that much just to keep from falling behind competition, and perhaps even more to aid in any planned expansion. If you can't afford to spend about $2,000 for advertising, your hopes for doubling your sales in 5 years are probably too optimistic.

The size of your advertising budget should be determined by both your long-range and immediate sales objectives, and by comparison with the amount spent in other businesses. Although the proportion of income spent on advertising varies with the type of retail establishment, the average is roughly 1.5 percent.

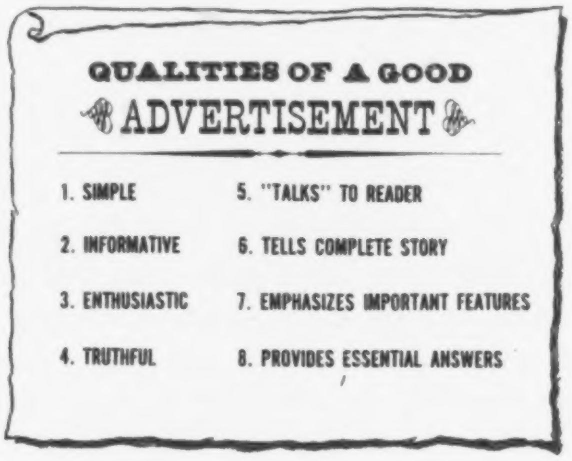
Measuring the Quality of an Ad

Your advertising, like any other part of your business operation, must be frequently checked to determine if you are getting your money's worth from your advertising dollar. As far as results are concerned, any given piece of advertising can be good or bad. In advertising, there is no middle ground of indifference; an indifferent ad is a bad ad. You can run a special on seconds or salvaged merchandise, but not on poorly advertised merchandise.

You must always, therefore, judge each piece of advertising in terms of its qualities and effects as well as its cost.

Qualities of a Good Ad

1. Simple.
2. Informative.
3. Enthusiastic.
4. Truthful.
5. "Talks" to the reader about himself or his interests.
6. Tells a complete story without being tiring.
7. Emphasizes important features that are not evident.
8. Provides essential answers about who, what, when, where, how, and why.

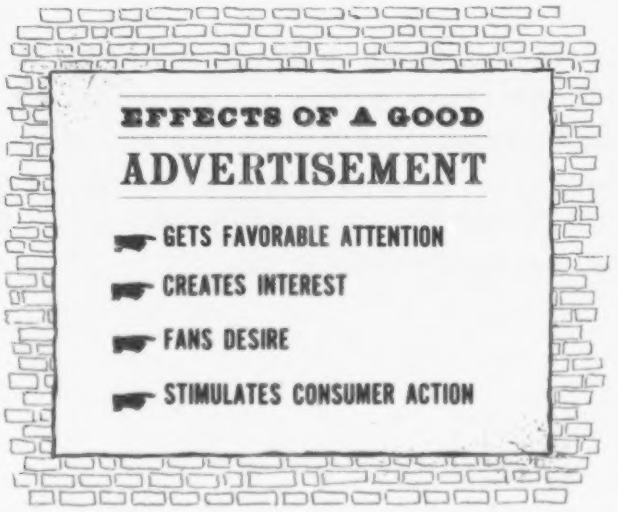


QUALITIES OF A GOOD
ADVERTISEMENT

1. SIMPLE
2. INFORMATIVE
3. ENTHUSIASTIC
4. TRUTHFUL
5. "TALKS" TO READER
6. TELLS COMPLETE STORY
7. EMPHASIZES IMPORTANT FEATURES
8. PROVIDES ESSENTIAL ANSWERS

Visual No. 14-11

Effects of a Good Ad



EFFECTS OF A GOOD
ADVERTISEMENT

- GETS FAVORABLE ATTENTION
- CREATES INTEREST
- FANS DESIRE
- STIMULATES CONSUMER ACTION

Visual No. 14-12

1. Gets favorable attention.
2. Creates interest.
3. Fans desire.
4. Stimulates action.

These observations we have been making can be summed up in one quick statement: "26 mountains in the State of Colorado are higher than Pikes Peak--but that's the one we know about!"

HANDLING YOUR OWN ADVERTISING OR USING OUTSIDE HELP

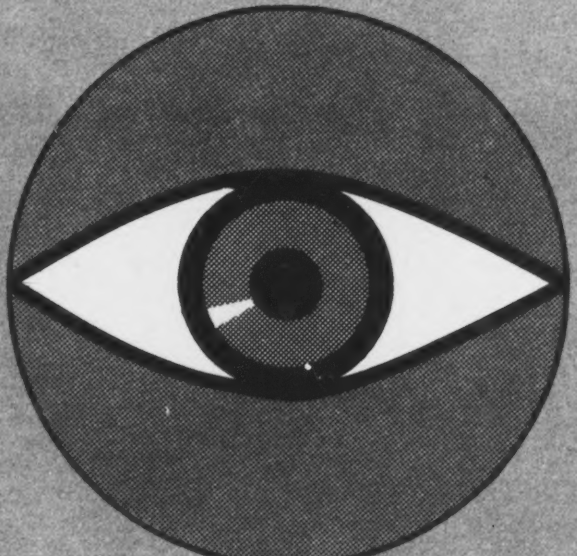
There is no pat answer to whether you should handle your own advertising or use outside help. Too many variables are concerned: the size and nature of your business, the kind of market you want to reach, the sales volume you hope to produce. Besides, either/or questions can be misleading; sometimes you may need professional help in your advertising, sometimes you may not. Remember, though, that if there are times when a specialist can help with other business functions, there are probably times when an advertising specialist would be able to advise you about your advertising program.

Sources of Help

You can get some useful ideas for your ads from suppliers, trade associations, and trade publications. Your newspaper and radio station can also give you aid and counsel. You may want to hire the services of a local advertising agency. (This may not always be easy: A good many such agencies are not set up to handle relatively small accounts. But it may be worthwhile nonetheless for you to talk to agencies in your area.) Should you find one that will take you on (and one which you can afford to hire), its personnel can take much of the detail work and most of the ad execution off your hands. Be sure that you and the agency agree from the beginning on the purposes of the campaign.

SUMMING IT UP

The right type of advertising, pursued with taste, vigor, and imagination, can bind more closely the ties with your customers, attract new trade, and establish your business firmly in the minds of the public. It can build a positive image of your business for the future while it builds current profits. This double-barreled effect is hard to beat--and your competition will probably find it so.



THE VISUAL AIDS

A What to Show

Section

The old Chinese proverb **"One See Worth Thousand Say"** is certainly borne out by experience in the fields of education and training at all levels.

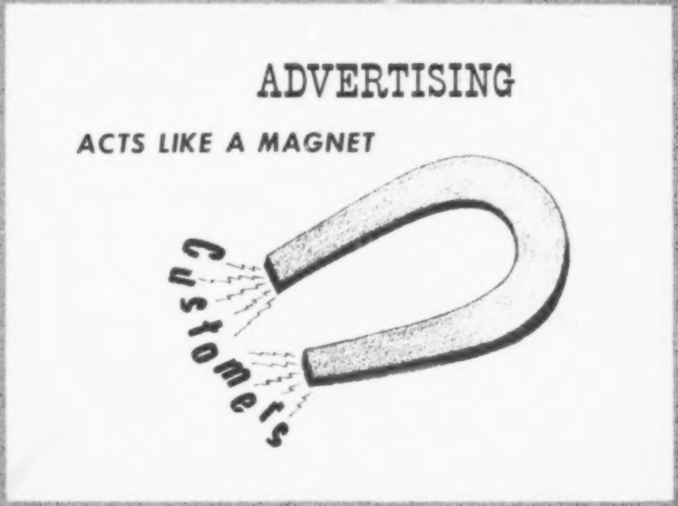
The instructor who helps his participants visualize subject matter and ideas not only holds the group interest--he also stimulates thoughtful consideration and retention of the topic.

This section contains samples of visuals that are available for this subject. Each has been carefully coded and "keyed" into **The Lesson Plan** as outlined in this manual.

USE OF VISUAL AIDS

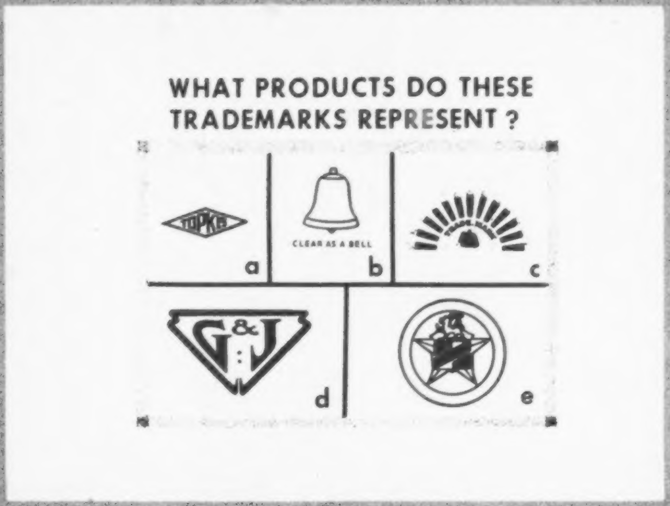
WHAT TO USE	WHEN AND HOW TO USE
Chalkboard 	Study and plan before a meeting what to put on the board and where to put it. Use it to present sketches, diagrams, outlines, definitions, key words, directions, record of class contributions, and summaries. Suit material to board space. Write plainly and quickly. Keep wording simple. Stand at one side of board while referring to material. Talk to the group, not to the board. Erase material no longer needed.
Posters, Charts, and Diagrams 	To arouse interest and attract attention; to show relationships and trends; to inspire group. Use device large enough to be seen. Post where everyone can see. Present at right time. Discuss information illustrated.
Hand-Out Materials 	To present information uniform in character and as a guide to material covered; emphasize key points; arouse interest and discussion; review or summarize discussions; and serve as permanent reference. Select to serve a definite purpose. Introduce at right time. Distribute in manner to convey its importance. Direct members how to use.
Films and Film Strips 	Present an overall view; introduce a new subject; emphasize specific aspects of a subject; arouse interest; summarize. Select carefully to relate to the discussion and plan presentation. Arrange room and equipment for showing. Alert the audience for the showing or what will be seen. Run the film. Discuss the subject matter and summarize.
Samples, Forms, and Exhibits its the BEST	Keep subject matter practical; show development of a process; increase understanding. Select only enough to illustrate, not confuse. Pass around if necessary. Take time to present clearly. Comment when presenting.
Pedestal Chart MAKE it Count	A pad of newsprint sheets or similar paper may be used for the same purposes as the chalkboard. Material recorded with chalk or crayon may be saved for future reference by the group or by the instructor.

OVERHEAD PROJECTUALS


ADVERTISING

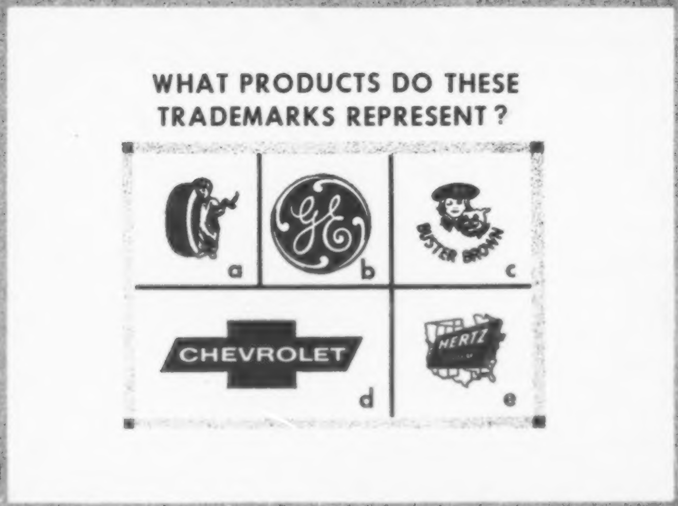
ACTS LIKE A MAGNET

①


WHAT PRODUCTS DO THESE TRADEMARKS REPRESENT ?

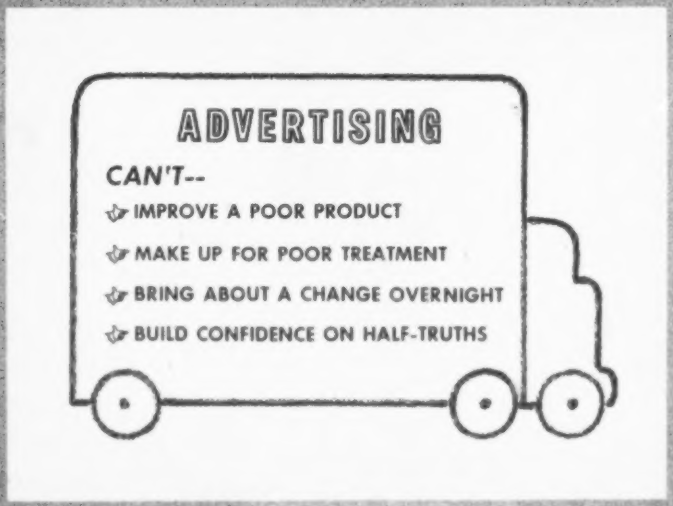
TOPKIS
a
CLEAR AS A BELL
b
TRADE MARK
c
G&J
d
e

②


WHAT PRODUCTS DO THESE TRADEMARKS REPRESENT ?

a
GE
b
BUSTER BROWN
c
CHEVROLET
d
HERTZ
e

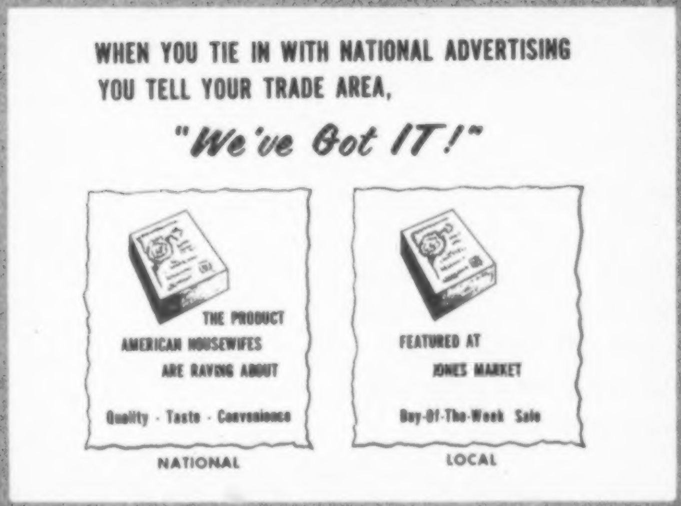
③


ADVERTISING

CAN'T--

- IMPROVE A POOR PRODUCT
- MAKE UP FOR POOR TREATMENT
- BRING ABOUT A CHANGE OVERNIGHT
- BUILD CONFIDENCE ON HALF-TRUTHS

④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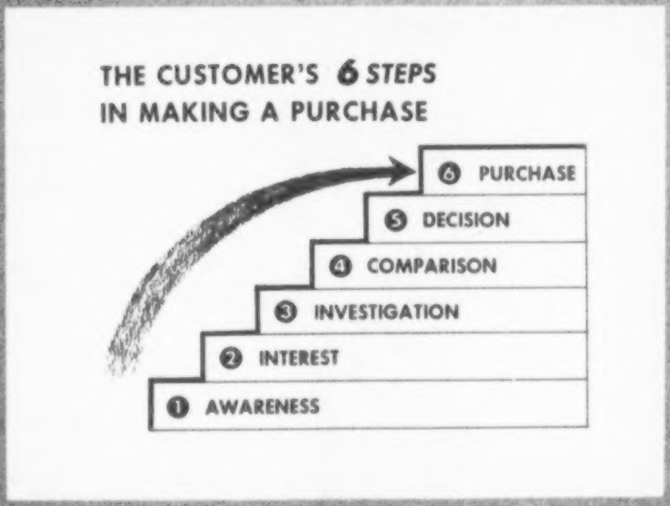
"We've Got IT!"

THE PRODUCT
AMERICAN HOUSEWIFES
ARE RAVING ABOUT
Quality - Taste - Convenience
FEATURED AT
JONES MARKET
Buy-Of-The-Week Sale

NATIONAL

LOCAL

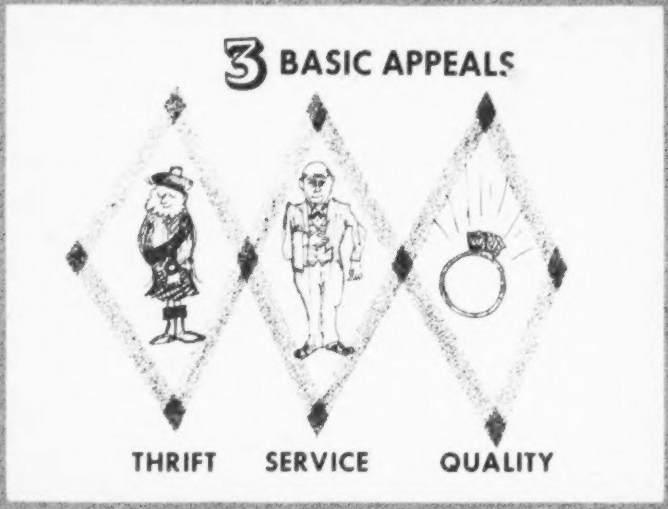
⑤


THE CUSTOMER'S *6 STEPS* IN MAKING A PURCHASE

❻ PURCHASE
❺ DECISION
❹ COMPARISON
❸ INVESTIGATION
❷ INTEREST
❶ AWARENESS

⑥

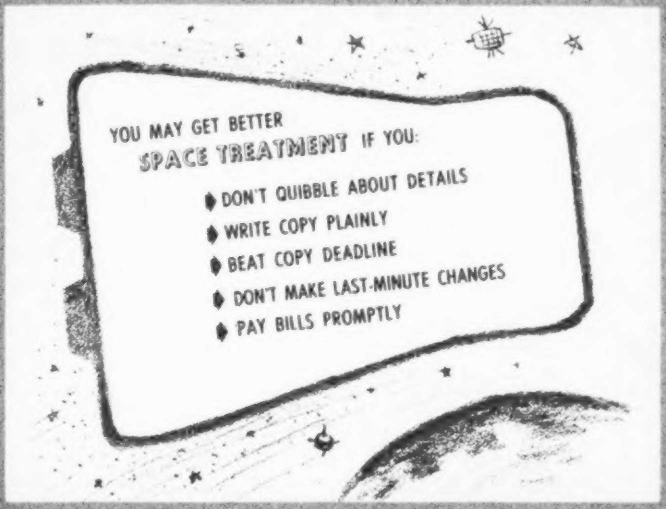
OVERHEAD PROJECTUALS



3 BASIC APPEALS

THRIFT SERVICE QUALITY

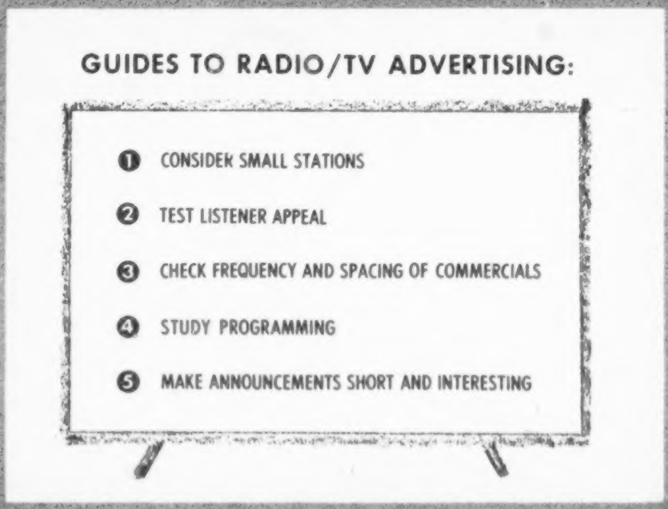
⑦



YOU MAY GET BETTER SPACE TREATMENT IF YOU:

- DON'T QUIBBLE ABOUT DETAILS
- WRITE COPY PLAINLY
- BEAT COPY DEADLINE
- DON'T MAKE LAST-MINUTE CHANGES
- PAY BILLS PROMPTLY

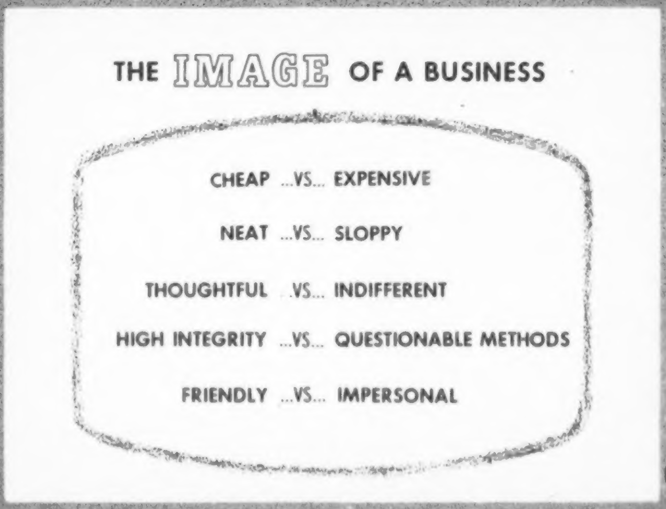
⑧



GUIDES TO RADIO/TV ADVERTISING:

❶ CONSIDER SMALL STATIONS
❷ TEST LISTENER APPEAL
❸ CHECK FREQUENCY AND SPACING OF COMMERCIALS
❹ STUDY PROGRAMMING
❺ MAKE ANNOUNCEMENTS SHORT AND INTERESTING

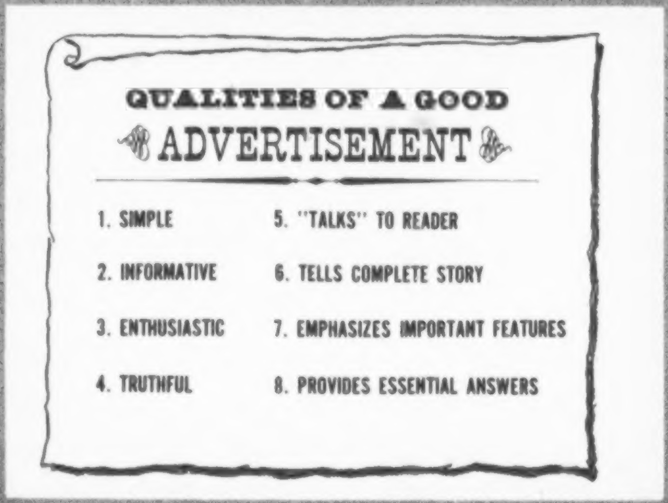
⑨



THE IMAGE OF A BUSINESS

CHEAP ...VS... EXPENSIVE
NEAT ...VS... SLOPPY
THOUGHTFUL ...VS... INDIFFERENT
HIGH INTEGRITY ...VS... QUESTIONABLE METHODS
FRIENDLY ...VS... IMPERSONAL

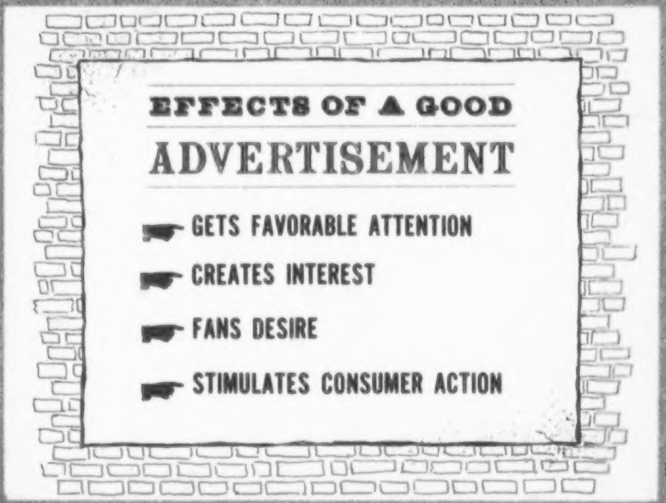
⑩



QUALITIES OF A GOOD ADVERTISEMENT

1. SIMPLE
2. INFORMATIVE
3. ENTHUSIASTIC
4. TRUTHFUL
5. "TALKS" TO READER
6. TELLS COMPLETE STORY
7. EMPHASIZES IMPORTANT FEATURES
8. PROVIDES ESSENTIAL ANSWERS

⑪



EFFECTS OF A GOOD ADVERTISEMENT

- GETS FAVORABLE ATTENTION
- CREATES INTEREST
- FANS DESIRE
- STIMULATES CONSUMER ACTION

⑫

TRAINING AIDS
HOW TO MANAGE

THE SUPPLY DEPARTMENT

A Resource Materials and Participant Handout

Section

It is generally conceded that interest intensifies in situations where people have a chance "to participate" by such means as open discussion and buzz sessions. The materials in this section should prove useful in this kind of activity. These materials may be reproduced locally.

It is also desirable to provide participants with "take away" materials if they are pertinent and concise. Accordingly, appropriate Management Aids, Small Marketers Aids, and Management Research Summaries are included in this section. Current information on the availability of suggested and new SBA publications may be obtained from the nearest SBA office.

ADVERTISING AND PROMOTION CHECKLIST*

1. Do you frequently supplement your routine day-by-day selling operations with special promotions?

COMMENT: Although your customers expect you to maintain full assortments of your regular lines, they also expect you to offer timely specials that are unusual and dramatic. The number and timing of these events should be geared to the type of customer you are trying to attract.

2. Do you advertise consistently in at least one appropriate medium: newspapers, direct mail, handbills, local television or radio?

COMMENT: Even if your store is small, you should not depend wholly on passing traffic and satisfied customers' recommendations. With a little effort and planning, you can find inexpensive yet effective ways to advertise and reach a larger public.

3. Do you plan your advertising by days at least 4 weeks ahead?

COMMENT: If you plan ahead, you can make better purchases of timely goods; you will have the goods when they are needed; and your advertisements will do a more effective selling job.

4. Do you approve all ads before they are released, reviewing their content and making sure that the goods mentioned will be ready for selling?

COMMENT: You or your immediate assistant should approve all ads before they are released. Carelessness and error not only dissipate your investment in the ad but will lead to customer dissatisfaction.

Handout No. 14-1

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*Adapted from Wingate, John W. Management Audit for Small Retailers (No. 31 in Small Business Management Series), pp. 25-27.

5. Do you consistently choose items for advertising that are timely, have exceptional value or exclusive features, and help to build your store image?

COMMENT: If the items you advertise do not have these qualities, your advertising is wasteful and detracts from your store's personality.

6. Do you follow the ads of stores in larger cities catering to customers similar to your own in order to find outstanding items to advertise?

COMMENT: Some small merchants have used this technique very successfully. It often involves making special purchases of goods solely for their advertising appeal.

7. Do your ads tell a story, newsworthy and readable, rather than only trumpet a price appeal?

COMMENT: Almost always, owners of small stores find that nonprice competition is more effective than underselling appeals. Customers buy, first, for what their purchase will do for them, and, second, for price. Your advertising appeals should be based on these considerations.

8. Are your advertisements factual, providing all pertinent details about the goods you are offering?

COMMENT: "The more you tell, the more you sell." As a small merchant, you might well note the detailed descriptions and interesting reading to be found in a general mail-order catalog. While it is true that your own ads are designed not to create an immediate order by mail but rather to get customers into your store, nevertheless it is also true that complete details are more likely to attract than are vague generalities.

9. Does each of your ads specifically "sell" your store in addition to the merchandise advertised?

COMMENT: The greatest need of most stores is repeat patronage from customers who know and appreciate the kinds of assortments, values, and services offered. Advertising your store--as an institution--will help keep such customers coming back. To maintain or increase your volume, you cannot depend on continually outdoing yourself and your competitors on specific merchandise.

10. When you plan to advertise goods that are carried by your competitors or that are comparable to theirs, do you check these competitors' prices and assortments before releasing your ad?

COMMENT: Your store's reputation for good value is surely harmed if you advertise as a "bargain" what others are selling at a lower price. Formal or informal comparison shopping is a "must" in planning your advertising as well as your merchandising.

11. Do you regularly and systematically familiarize your salespeople with your plans for advertised merchandise and promotions?

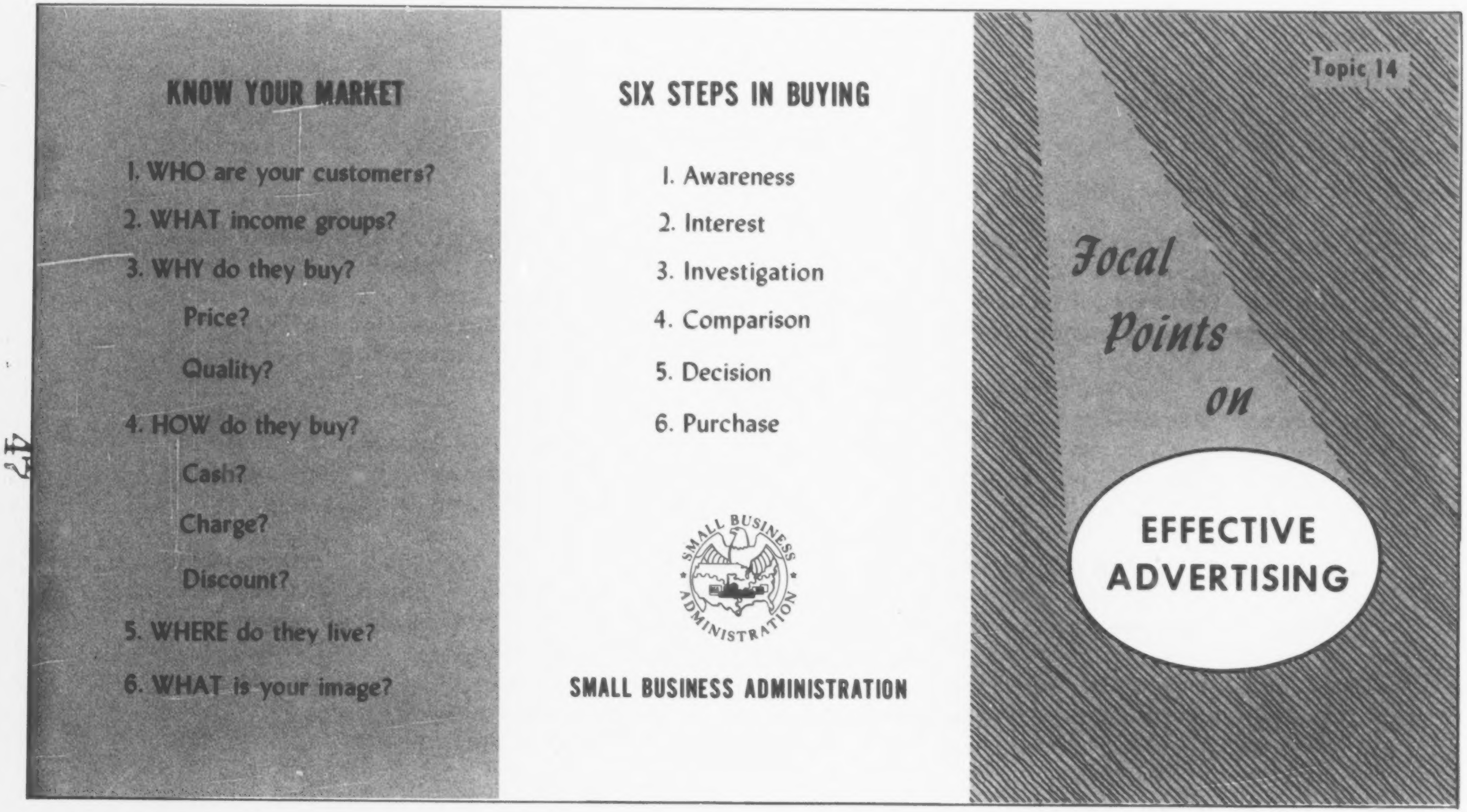
COMMENT: Regular weekly meetings are a good way to keep everyone informed. Advertising is only a means to an end--which is sales. The support of advertising by your salespeople is the only way to make it fully effective.

12. Do you keep records of your advertising which you use to improve your future ads?

COMMENT: Your records should contain a copy of the ad with notations on media used, date or dates of insertion, cost, approximate sales results, ratio of direct dollar sales of the item (or the department) to the cost of the ad, weather and competitors' activities at the time, and comments. Use such information to write better ads, not simply to help repeat former successes.

13. Have you checked the advertising allowance policies of your merchandise suppliers to see if you are getting proper advertising discounts?

COMMENT: Because suppliers are legally required to include all competing customers when they give advertising discounts, you should make sure you are getting your proper share.



KNOW YOUR MARKET

1. WHO are your customers?
2. WHAT income groups?
3. WHY do they buy?
    Price?
    Quality?
4. HOW do they buy?
    Cash?
    Charge?
    Discount?
5. WHERE do they live?
6. WHAT is your image?

SIX STEPS IN BUYING

1. Awareness
2. Interest
3. Investigation
4. Comparison
5. Decision
6. Purchase

SMALL BUSINESS ADMINISTRATION

Topic 14

Focal Points on

EFFECTIVE ADVERTISING

This page and the following illustrate a three-fold leaflet which summarizes the subject presentation. The leaflet is available in quantity from your regional Management Assistance Division Chief for distribution to participants in SBA-cosponsored administrative management courses.

HINTS ON BEST AD PLACEMENT

1. Don't quibble about details
2. Write copy plainly
3. Beat copy deadline
4. Don't make last-minute changes
5. Pay bill promptly

GUIDELINES TO RADIO/TV ADVERTISING

1. Consider small stations
2. Test listener appeal
3. Check frequency and spacing of commercials
4. Study programming schedules
5. Make announcements short and interesting

QUALITIES OF GOOD ADVERTISEMENT

1. Simple
2. Informative
3. Enthusiastic
4. Truthful
5. "Talks" to reader
6. Tells complete story
7. Emphasizes important features
8. Provides essential answers

EIGHT WAYS ADVERTISING CAN HELP YOU . . . GO BROKE*

1. Copy somebody else's advertising style.

   When you see a competitor's ad in the paper, clip it out so that you can run the same kind of ad yourself. If he's running a special on toasters, so should you. If he's got a special price, use the same price. In fact, try to use the same illustration and even the same kind of description about the product. And you'll really be on the right track if you imitate your competitor's "signature"--the style and type he uses in his store name. When you do these things, you'll be successful in keeping your prospective customers confused. They won't be able to remember whether they saw your ad or your competitor's.

2. Don't make a budget for your advertising.

   Make up your mind from week to week and from day to day how much you spend on advertising. Yearly budgets are a headache. They take a lot of time, and you have to worry in January about what you're going to do next December.

3. Keep your employees in the dark about your advertising.

   When you decide (at the last minute) to run a half-page ad in the News Leader, keep it to yourself. It's your business what you're featuring in the ad, or when it's running. The worst thing you can do is to let your employees see proofs of the ad before it actually appears in the paper or to let them read the radio announcements before the broadcasts. If you did that, they would know as much as you do.

4. Select just any advertising medium--they're all good.

   There are plenty of them to choose from--newspapers, radio, TV, magazines, handbills, billboards, direct mail, and a lot more. If you tried, you'd probably pick the wrong one anyway. So pick the one that has the nicest salesman, the one with the biggest expense account.

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*Courtesy, Robert Kline and Co., Inc., Advertising and Public Relations, Richmond, Va., (unpublished).

Handout No. 14-2

5. Promise 'em anything.

Lure your prospective customers with the wildest claims you can dream up. Tell them your product will do the job 100 times faster and 10 times cheaper and will last forever. Tell them you're losing money on every sale. Forget about trying to sell them again. Get their dollar this time. That's all that counts.

6. Try to sell everybody.

The whole wide world is your oyster. Everybody's a prospect. Even though you may operate a little neighborhood grocery store in Richmond, somebody in Seattle may come in some day to buy something. So shoot high and wide in your advertising. Maybe you should buy a full page in Life or sponsor the Jackie Gleason Show for 13 weeks. You could be sure that the man in Seattle would know about you then, or fairly sure.

7. Don't bother with specific objectives.

Instead of trying to sell just one or two items, feature them all--everything in the store. And above all, don't use any brand names in your advertising. Goodness knows what that would do to your sales; you might not even go broke!

8. Do it all yourself.

If you're not broke by now, this is sure to do the trick. As was said before, this is your business you're running. So you call the shots. Write your own copy. Do your own layouts. Dream up your own ideas. Pick the dates you want to run. You'll find a lot of people who call themselves advertising experts, but who knows your own business better than you? Forget about the offers of assistance from your own trade associations, the services of the newspapers, radio, TV, and the like. And either ignore what your competitors are doing or copy them to the "T". Worst of all, don't let an advertising agency help you. Advertising agencies will try to tell you there's more to this business than hunches and last-minute decisions, but they're just trying to make it sound complicated.

ADVERTISING BUDGETS*

	Percent of Net Sales
Appliance and Radio-TV Dealers	2.45
Automobile Dealers (new and used cars)	.74
Auto Parts Dealers	.74
Bakeries	.89
Barber and Beauty Shops	1.58
Book Stores	1.70
Candy and Confectionery Stores	.50
Children's and Infants' Wear Stores	1.47
Cocktail Lounges	.71
Delicatessens	1.03
Drive-In Restaurants	1.50
Drug Stores	1.40
Dry Cleaners	2.50
Florists	2.45
Furniture Stores	5.27
Garages	.96
Gift, Novelty, and Souvenir Stores	1.26
Grocery Stores	.65
Hardware Stores	1.55
Jewelry Stores	3.50
Laundries	1.70
Liquor Stores	.49
Lumber and Building Materials Dealers	.45
Men's Wear Stores	2.90
Motels	3.51
Music Stores	1.76
Nursery and Garden Supply Stores	1.54
Office Supply and Equipment Stores	.96
Paint and Wallpaper Stores	1.61
Photographic Studio and Supply Shops	2.06
Restaurants	.71
Shoe Stores (Family)	2.75
Sporting Goods Stores	2.00
Toy Stores	2.30
Variety Stores	1.53
Women's Apparel	2.90

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*Adapted from "Expenses in Retail Businesses," rev. ed., National Cash Register Company, Dayton, Ohio, 1965.

Handout No. 14-3

SMALL BUSINESS ADMINISTRATION

SMALL MARKETERS AIDS No. 56

Washington 25, D. C.

ADVERTISING FOR PROFIT AND PRESTIGE

By *D. Peter Bowles*, Consultant, Pompano Beach, Florida
Formerly Adv. Mgr. Revlon, Inc.; Group Supvr. McCann-Erickson, Inc.

SUMMARY

Advertising can be a sales aid and a prestige builder. Ideally, it should be both. Good ads can help create immediate profits and long-term consumer good will. But an advertising campaign should be the result of careful planning; haphazard ads will cost you money without adding to your profits or prestige.

It makes good sense to pay as much attention to what you're getting from your advertising dollar as to what you're getting from, say, your inventory-and-innovation dollar. You can make your advertising successful by creating or supervising the creation of your ads with care; by pinpointing your public; by using the one medium or the combination of media best suited to your firm's purpose; and, finally, by selecting one product or sales claim and presenting it with force, clarity, and originality.

* * *

Advertising is often treated as a step child by small businessmen. Their opinion on the subject is typified by one owner-manager who recently expressed his views in this fashion:

Yes, I advertise. I place ads in a newspaper; sometimes I send out flyers, and occasionally I buy a few "spots" on radio--now and then even on TV. My ads tell people what I've got to sell. That's all there is to it, isn't it? There is no mystery to advertising.

- *Advertising Is an Art.* True, there's no mystery to advertising, but there is an art to it. Yet this fact is all too frequently overlooked by small business advertisers. Many of them, in fact, appear to spend their advertising dollar without much reflection. Blithely unaware of the need to spend it with much care, they seem to feel that any slap-dash, hurriedly-conceived ad will bring in customers and profits. This is a dangerous and expensive delusion.

You might protest: But I have lots of customers. They come in, and they buy. So, nothing much can be wrong with *my* ads.

Think again. How do you know that the right kind of ads might not attract *more* people to your store? How do you know that the right kind of ads might not attract customers with larger spending ability? How do you know that the right kind of ads might not sell those higher-priced, slower-moving items at a more rapid pace? You don't.

But profit alone should not be your sole motivation in advertising. There is the matter of what might be called "image building." Briefly, it means creating among customers and non-customers alike a favorable impression of your business. But more about this important point later. Right now let's turn to certain decisions you as owner-manager must make. They are decisions facing both the newcomer to advertising, and the man who intends to place his advertising efforts on a more "scientific" basis.

ADVERTISING DECISIONS

Before you advertise, you should make certain definite and vital decisions. But before you can make them with any degree of intelligence, you might review in your own mind a basic question: Why Advertise At All?

- *Why Do You Advertise?* You advertise to (a) let people know you're in business; (b) let them know what you're selling; (c) keep the firm's name before customers--actual and potential, and (d) make special offers on special occasions. And (you might as well face it) you advertise because your competitor advertises. Finally, if you use advertising with the broadest possible long-term aim in view, you advertise because you want to create a favorable image for your firm.

These are sound, practical reasons for advertising. But their conversion into an actual campaign must be preceded by equally sound and practical decisions on your part. These decisions are:

Decision One: Determine Your Use of Funds

No one but you knows how much you can afford to spend. And there is no easy answer to the question, "How much should I spend?" But several sources can help you make the best possible determination *in your case*. They are: (1) Your trade association and trade publication; (2) your business acquaintances who have had experience in advertising; (3) a professor of advertising in a college or university near you, and, finally, (4) your own judgment.

Whatever figure you arrive at, it should be one that will allow you to make your campaign effective. There is little point wasting money whispering if your competitors are shouting.

Decision Two: Pinpoint Your Public

In your trading area there are probably several advertising media: Radio, TV, newspapers, shopping guides. Use one or all of them, depending on your financial resources. But first, be sure you know what audience you want to reach through them: Women? Men *and* women? Teenagers? Young people? Older people? The upper income level only? The lower income level? The middle income level? Householders? Apartment dwellers? Farmers or city people?

Of course, chances are that you might want to reach several of these groups plus some other groups not mentioned here. But it is unlikely you'll want to reach *everybody* in the trading area. Of course, you are the best judge of what public or publics you do want to appeal to.

You are also the best judge of your merchandise (or service) and who the potential purchasers are. You know full well, for instance, that the modern furniture you carry appeals mostly to the younger set in the community. Your ads, then, might stress the "modern look," lines, luxuriousness--rather than simple comfort and convenience, attributes that might appeal more to the older group.

Decision Three: Select Your Sales Claims

What do you want to sell? When possible, stress one claim (two at most) in your ad. Be specific: A claim such as "You can't beat our prices" is fine if you can substantiate it. Your ads, remember, will create an image (an impression) of your store beyond the immediate item or items you offer. If you want your store known for its high quality items, your ads should reflect this desire. But if you want to sell to a broader market, don't intimate that you carry luxury goods, and then strengthen that impression by leaving out prices. This is a sure way of putting your message across--in the wrong way.

Decision Four: Judge Your Advertising Media

This decision calls for study. You have a choice of several media through which to convey your message: Radio, TV, newspapers, shoppers' guides, flyers, car cards, and direct mail. What can each do for you? For instance, how much of an audience does the radio or TV station reach--and what type of audience? How about the newspaper? And how much will it cost you to reach that audience? Can you afford one or more of these media? And what about those flyers and car cards and direct mail? Will they be effective, and is the expense involved low enough to justify their use?

Compare and contrast the costs involved, and the audiences reached by each of the available media. Then make up your mind how to spend that valuable advertising dollar.

One way to waste money is to select the wrong medium--wrong, that is, for a particular advertiser. Few small stores, for example, are in a position to advertise in national or regional magazines. Few are likely to get a return from such advertising which would compensate them for the money spent. Another good way to waste funds is to advertise in the wrong local radio or TV show--wrong for a particular advertiser. Advertise your teen age apparel on a local disk jockey show known to broadcast pop music; not (generally speaking) on a classical music program.

But the type of show is not always the sole criterion of suitability. Sometimes *approach* counts. You sell (say) perfume. Is that an item to advertise during a boxing match? It *can* be. Make the copy read (particularly around Christmas): "Why not give the woman in your life a touch of Perfume X? She'll love that delightful fragrance...."

If you have the money to use several advertising media at one time, fine. If not, you have to make a decision based on facts and figures you have gathered: Which is the *one* medium which will do the most for *my* store?

This, too, is important: Whatever medium you finally select, advertise in it *consistently*. An ad now and then won't do much for you, unless it is intended to advertise a special, one-day sale for instance. If you can advertise only once a week, advertise on the day when your message will have the greatest impact. If Friday is the big shopping day in your community, you might advertise that day or the day before....every week. People thus will expect to see your ad, will even look for it. That's one way of building trade.

CREATING THE GOOD AD

Ads--good ads--can be profit-and-prestige producers. But too few owner-managers pay sufficient attention to their advertising and its preparation to let ads become as helpful to business as they should be. What are the objectives of a good ad?

Immediate Aims:

(1) Attract attention and arouse interest

(2) Establish a major claim

(3) Prove that claim with specific facts and figures

(4) Sum up the sales argument

(5) Attract the customer and motivate him to visit the store

(6) Identify the store clearly and memorably.

Long-Term Aim:

Create a favorable "image."

•*Getting the Picture.* To be specific: Think for a moment of how you may have been dealing with a supplier, largely by phone, occasionally in person in your office. What do you *really* know of him? You know his merchandise, you know that he delivers it on time. Apart from that--nothing.

Suppose, at the beginning of the business association, you wished you knew more about him. How could you have managed it? By going through his building, by talking with him in his office several times and over extended periods, by even talking to his employees. *Then* an image of his organization would have formed in your mind. You would feel more at ease dealing with him. And that image would come to mind whenever you thought of that particular supplier, perhaps just when the term *supplier* was mentioned in your presence.

•*Image of a Business.* Such a mental picture--if it is favorable--can be a great asset to a small business. But all your *potential* customers can't know you and your store on a personal basis. Most of them know very little--if indeed anything at all--about you. Even those people who are customers of yours already, may drop in only occasionally to buy an item or just look around. In this situation, advertising can be used to fill the gap in personal acquaintance.

Advertising, properly used, can help you build up in a potential customer's mind the *right* image of your firm. He will get a good feeling. As a result of that good feeling, he will think about your store each time he is about to make a purchase of an item which you carry. That's the objective of image creation....one aim of advertising.

HOW ADVERTISERS GO ASTRAY

Is there one single, simple way of creating sales and a positive image through an advertisement? Unhappily not. Many ingredients go into a good ad, the most important of which will be discussed later. First a look at some "trouble-makers."

The Busy, Busy Ad. It "spills ink." This advertiser, anxious to get his money's worth, has filled up every available inch of white space. (Or, on the radio, he has jammed in too many words.) The result? Confusion--not communication.

The Who-Sells-It Ad. It tells all about merchandise sold, prices charged, store hours, parking facilities. But where is all this available? This advertiser seems to believe that his name and address are non-essential.

The Come-and-See-Us Ad. It is like an invitation to a masked ball. You can't tell what you're going to see if you go. Its message: "We are friendly, nice people. So why not drop in?" This advertiser seems to believe his ad is irresistible, that it will lure people in as if by magic.

INGREDIENTS OF A GOOD AD

What are the ingredients of a good ad? This Aid can't be all-inclusive, but here are some of the musts of a selling, favorable-image-creating ad (more details on this subject can be found in Small Marketers Aids No. 23, "Individuality in Retail Advertising," available in *Small Marketers Aids: Annual No. 2* from the Superintendent of Documents, Washington 25, D. C. for 40 cents.

Originality. Special type faces, unusual headlines, a catchy slogan, a unique approach to copy in print and on the air: Use them--but don't overdo them.

Simplicity. Stress *one* item, *one* sales claim, *one* point. Couple simplicity with clarity and meaning.

Strength. Make a definite claim. Be positive, be forceful, be direct. Hedging shows lack of conviction, can cause loss of customer confidence.

Believability. Sell your wares hard, but don't oversell them. Extravagant claims may work once, often boomerang later. Consumers have a good memory for a bad deal.

Quality. Let your ad create a good image. Your ad, after all, can tell a lot about you--and your business.

Restraint: Use as much space (or air time) as you need to tell your story--and no more. Give the reader-listener the information he needs to make an intelligent appraisal of your store, but don't drown him in a sea of words or pictures.

BUILDING AN AD

How do you go about fixing up an ad that will include those ingredients? To tell others about yourself, you have to know something about yourself. So it is with a business advertisement.

•*Composing the Text.* Before putting anything on paper, you should:

(1) Take a fresh look at your firm

(2) Find the one or two key points you want to communicate

(3) Present these points in a concise, dramatic, clear-cut way

(4) Be certain that the message (a) in the headline, opening line or paragraph of body copy quickly states what you're about to say; (b) then gives the basic details, and (c) end by summarizing what's been said. This method is particularly vital for radio or TV, where the listener cannot refer back to the ad

(5) Look for non-essentials and, if you find any, cut them out

•*Illustrating the Ad.* Use any device that will drive home your message. If a picture will help, use it. Good, appropriate illustrations can strengthen an ad's appeal; and they can convey information, too. Funds permitting, don't use a static picture of, say, a toaster if, instead, you can show a girl using one. It won't be any news to you, but the latter picture will "flag" more readers than the former.

JUDGING RESULTS

When an expensive item is bought in your organization, you size up the value of that item before you reorder. Do the same with your advertising.

Some people love to criticize any advertisement they see. So, discount casual remarks which disparage your advertising program and don't be discouraged by them. Don't, furthermore, as a result of such criticism hastily decide that there is something wrong with your advertising methods.

•***Guides for Judgment.*** Instead, be guided by actual customer behavior. Ask "first-time" customers what made them come to you. You may find, of course, that many came in because they liked a certain item they saw in the window. But some, without doubt, will have been attracted by your ad. By asking them, you will not only gather some interesting and valuable information, you will also (provided you phrase your questions well) make a friend; customers like to feel they aren't just faceless people to the store owner and personnel.

Ask your steady trade, too, if they have seen your latest ad; and did it lead them to come in to buy a certain item you offered in it. If practical, you might also put special offer coupons in your ads. But don't hope for too much if you do: A 5 to 10 percent response spells success.

But, whatever you do, refrain from quick revisions of your advertising campaign just because a few negative voices are heard from. Wait for long-term results.

CONTINUE TO EXPERIMENT

The *trend* in advertising results is the important point. Therefore, it usually pays to keep on experimenting with ways of improving an advertising program.

•***Sources of Help.*** You may get some useful ideas for your ads from suppliers, trade associations, and trade publications. Your newspaper and radio station can also give you aid and counsel. You may want to hire the services of a local advertising agency. This may not always be easy: A good many such agencies are not set up to handle relatively small accounts. But it may be worthwhile nonetheless for you to talk to agencies in your area. Should you find one that will take you on (and one which you can afford to hire), its personnel can take much of the detail work and most of the ad execution off your hands. But be sure that you and your agency agree from the beginning on the purpose of your campaign. (In this connection, you may want to refer to *Management Aids for Small Business: Annual No. 2*, available from the Superintendent of Documents, Washington 25, D. C., at a cost of 55 cents. See Chapter 18, "How Advertising Agencies Help Small Business.")

•***Summing It Up.*** The *right* type of advertising, pursued with taste, vigor, and imagination, can bind more closely the ties with your customers, attract new trade, establish your business firmly in the minds of the public. It can build a positive image of your business for the future while building current profits. This double-barrelled effect is hard to beat--and your competition will find it so.

FOR FURTHER INFORMATION

Businessmen interested in exploring further the subject of advertising may wish to consult the references mentioned below. In keeping with the editorial policy of this series, this list has been kept brief and selective. No slight is intended toward authors whose works are not included.

"Promotion Policies and Techniques," in *Stores*. National Retail Merchants Association, 100 W. 31st Street, New York 1, New York. May 1959. $5.00 per year.

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Advertising

SMALL BUSINESS ADMINISTRATION
U. S. Government Agency

SMALL MARKETERS AIDS No. 96

Washington, D.C.

CHECKLIST FOR SUCCESSFUL RETAIL ADVERTISING

By **Charles T. Lipscomb, Jr.**

President, Bureau of Advertising, American Newspaper Publishers Association, Inc., New York, New York

SUMMARY

Some people consider retail advertising an "expense." The successful retailer, however, thinks of it as a profitable and vital investment. What makes these divergent points of view--and of profit?

The difference lies in the successful advertiser's knowing where he's going--and in knowing how to get there. How did he learn that in the first place? How can any retailer master the techniques?

The answers to both questions are the same: (1) by taking an honest look at your attitude about advertising: (2) by studying your store, your market, and your customer; (3) by deciding how best to reach him; (4) by setting a sales goal; (5) by deciding how much advertising is needed to achieve that goal; (6) by analyzing exactly what to promote; (7) by scheduling ahead on a daily basis; and (8) by sticking everlastingly at it.

How do you feel about advertising? Is it an investment or an expense? Do you use it to build your store? Or is it a pain in the neck? Your answers to the following 10 questions should help you examine (1) your attitude toward advertising and (2) its contribution toward your sales and profits.

	Yes	No
1. Has your business been growing each year?		
2. Can you predict, with reasonable accuracy, what next year's sales will be?		
3. Are you aware that advertising includes the coordination of all promotional and selling functions (such as window and in-store display)?		
4. Do you set aside time each month to make promotional plans?		
5. Do you have figures at your fingertips on how much you invested in advertising each month of last year?		
6. If you answered No. 5 with "Yes," did each month's percent of the total year's advertising closely match each month's percent of your total year's sales?		
7. Do you have figures at your fingertips to show what percent of each month's sales were in each department of your store?		
8. Did your advertising last month promote each department in relation to its contribution to your total sales?		
9. Do you know what percent of sales is invested in advertising by businesses similar to yours?		
10. Do you know how to prepare a strong ad and to check on the results it brings?		

• How Many "Yeses"?

Only three YES answers or less means that the small marketer is not aware of the fact that a planned advertising program can help to increase profits.

If you checked between four and eight YES answers, you probably have good promotional possibilities. You already have a good understanding of what advertising can do for you. But even so, you may want to check your advertising against the steps in a planned advertising program.

STEP 1--PROFILE YOURSELF AND YOUR CUSTOMER

The first step in evaluating the various ways of telling your story to your public is that of deciding who you are and who your public is. This "profile" checklist may be helpful:

(1) What Quality of Merchandise Do I Sell? Are my price lines high? In the middle? Too low? Are my customers' incomes increasing rapidly so that they are prospects for higher price lines?

(2) How Do I Compare With Competition? Am I priced competitively? Or do I stress quality and service? Are my merchandise lines as broad and varied as my competitors'?

(3) What Selling Techniques Do I Use? Are my employees trained to sell related items? To sell higher-profit lines? Or are they just friendly clerks?

(4) What Customer Services Do I Feature? Do I extend credit? Do I deliver? Do I offer a money-back guarantee, or item substitution? Do I repair merchandise? Do I stay open nights? Do I offer adequate parking space?

(5) Am I Accessible To The Public? Am I located on a busy street with lots of foot traffic? Or do I have to promote harder so as to pull people to an out-of-the-way location? Am I long-in-business and well-known? Are there many people who still don't know me?

(6) Who Makes Up My Market? Do I sell to men? Women? Teenagers? Tots? Do they have pronounced tastes? Are my customers' incomes high, low, or average? Are more young families with more children moving into my neighborhood? Do they all live near the store? Within a one-mile radius? Do they come from all over the city?

(7) Why Do People Buy From Me? Do I know why my best customers continue to buy from me? Have I asked them why? Do they like me for reasons that could be featured in my advertising?

(8) Why Don't People Buy From Me? Have I ever asked a customer who stopped shopping why he quit my store? Do I take an objective look at my windows, my displays, counters, lighting? Is the store clean? Are the employees courteous and well-informed?

After you've studied these questions, fix the things you don't like about your store. Capitalize on what you do like. Decide who your customers should be. Then decide what kind of "face" you're going to present to them in your advertising.

STEP 2--BEGIN BY SETTING A SALES GOAL

Before you start to work out your advertising, take time to sketch out a plan for advertising. Try to design it so that you can do the following:

(1) Time every ad to tempt the most prospects at full markup.

(2) Eliminate the waste of advertising that's too early or too late.

(3) look for each selling opportunity and back each one with just the right amount of advertising.

Only by advance planning can you take full advantage of every selling opportunity, keep track of where you're going and coordinate all the promotional tools such as advertising, window and in-store display.

Start your planning by looking at last year's sales with the aim of setting sales goals for this year, month by month. Use the chart on page 3 of this *Aid* as a tool. Jot in your sales figures for last year by months.

Then figure the percentage for each month and jot it in. For instance, find January's percentage by dividing the year's sales into January's sales.

Now, decide what your sales goals for this year should be. You may want to use the following yardsticks to make them challenging as well as realistic:

(1) increased populations, income, and employment; (2) new or expanded departments in your store; (3) tie-ins with merchandising events; (4) changes in prices; (5) stock on hand; (7) what competitors are doing; and (8) increased selling and advertising efforts.

After you have set your sales goals for this year, month by month, put them aside for step 6.

STEP 3--DECIDE HOW MUCH ADVERTISING

Your next step is to decide how much you need to invest in advertising. Your goal is to match advertising with sales opportunities. You will want to schedule your advertising to follow the public's demand--month by month.

Start by looking at last year's advertising with the help of the chart of page 3 of this *Aid.* Jot down on it the dollar amount of your monthly advertising for last year.

Now, jot in the percentage figure for each month's advertising. You can do this by dividing your total advertising for the year into each month's figure.

- Compare Sales and Advertising

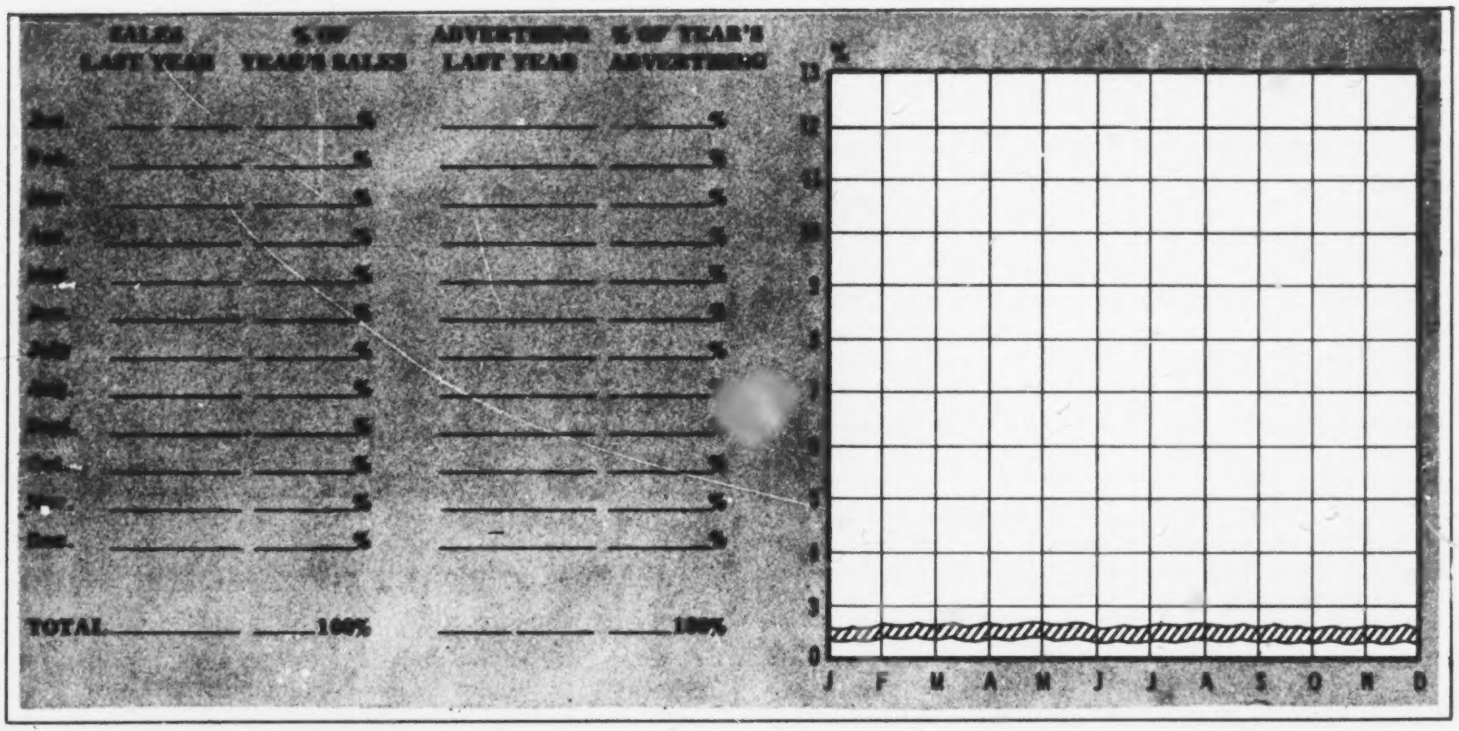
Now you are ready to find out how well your last year's advertising matched sales opportunities. You can do it by making a simple graph on the chart on page 3 of this *Aid.* Plot in each month's percentages for sales with a dot. Then connect the dots with a black line.

Do the same with your advertising percentages. Connect your advertising dots with a red pencil to make your comparison stand out.

If your sales and advertising lines don't run fairly close together, you may be missing selling-opportunities. Your advertising may be appearing too early or too late to do the best selling job.

- The Right Advertising Percent-To-Sales

Now, you'll need to pick the right ratio of advertising expenditure to sales and stick with it. For some average percentages of sales invested in advertising by different



kinds of stores, see *How To Budget Advertising for Bigger Volume, More Profits* (listed in "For Further Information" on page 4 of this *Aid).*

Only you can decide what percent is right for your firm. If your advertising percent looks low, you may want to go up in gradual steps. Perhaps, you might increase it a half percent at a time until you reach the budget that brings your store the maximum sales-per-dollar ad investment.

You can use the following profit pointers to check your thinking on the advertising budget you need: (1) stores in less favorable locations use more advertising; (2) so do those that are new and expanding; (3) strong competition raises the size of the budget needed; (4) stores stressing price usually promote more heavily; (5) special dates and events offer additional sale opportunities, and (6) added sales produced by increased expenditure are more profitable--more money can be spent to get them.

STEP 4--SET ASIDE A SMALL RESERVE

Many stores set aside a small reserve--5 percent or so--from their advertising budget. They use this reserve for meeting competitive emergencies and for taking advantage of unexpected promotional opportunities, such as special purchases.

Chances are that you will want to do likewise. If so, you then plan your day-to-day advertising with 95 percent or so of your advertising money.

STEP 5--DECIDE WHAT TO PROMOTE

In planning your advertising for each month, it is important to devote to each kind of significant merchandise, or to each department, proportionately about as much advertising as that department contributes to your sales. For instance, if the sales goal of Department A is 9 percent of your total sales objective next month, then earmark it for something like 9 percent of the month's total advertising expenditure.

Use such a departmental budget as a guide. But vary it according to your concern with things such as: (1) checking the month's heavy traffic pullers; (2) looking for departments, or merchandise, where clearance is needed because their seasonal curve will drop next month; (3) digging for "sleepers," currently hot, but which don't show up in last year's figures, and (4) promoting newly expanded departments harder.

STEP 6--SCHEDULE NEXT MONTH'S PROGRAM

In step 2, you set your monthly sales goal. Now, your next step is to lay out next month's advertising on a day-by-day basis in order to achieve that goal. You can do it by using a box calendar for the month. Jot down, in each day's box, the kind of promotion you have in mind.

Some retailers use it also as a record for future reference. They jot down facts, such as: last year's sales, this year's sales, and weather conditions which affected the day's income.

As you jot down your complete month's plan, be sure to schedule your promotions so as to take full advantage of: (1) payroll days of important firms, (2) days of the week in which traffic is heaviest, (3) night openings, (4) national and local events offering tie-in possibilities, (5) new merchandise or expanded departments, and (6) current prices and, (7) your stock on hand.

STEP 7--MAKE YOUR ADS PACK SELLING PUNCH

When you begin to work up your individual advertisements and commercials, the following points on copy and layout can help you produce advertising with a selling punch.

(1) Make your ads easily recognizable. Try to give your own copy a consistent personality and style.

(2) Use a simple layout. In printed media, your layout should carry the eye through the message easily and in proper sequence, from art and headline to copy and price and to signature.

(3) Use dominant illustrations. Featured merchandise should be shown in the dominant illustrations. Pictures emphasizing the product in use are good.

(4) Get the main benefit to the reader or viewer. Prospective customers want to know "What's in it for me?" Emphasize the main reason why readers or listeners should buy the advertised item.

(5) Give complete information. Give all essential information about the item such as: the manufacturer, model, various sizes, and colors. Your description should have a warm, sincere, and enthusiastic tone.

(6) State price or range of prices. Don't be afraid to quote a high price. If the price is low, support it with statements which create belief, such as clearances or special purchases.

(7) Specify branded merchandise. If the advertised merchandise is a known brand, say so. Take advantage of advertising allowances and the pre-selling which the manufacturer has done. As one small marketer says, "Cooperative advertising is one of the most valuable types of programs available to me from my suppliers."

(8) Be sure to include store name and address. Check every ad or commercial to be certain you have included store name, address, telephone number, and store hours.

STICK EVERLASTINGLY AT IT

Some marketers let up after they have developed an advertising program for "next month: They feel that the plan will take care of itself.

But it won't. Keep in mind that the key to growth is to continue your plan month after month, year after year. Keep checking it out. Don't be afraid to change it to meet the changing needs of your business.

Keep in mind that advertising that is well planned and carried out can be your most powerful "salesman." It can also be a potent growth factor.

FOR FURTHER INFORMATION

Businessmen interested in exploring further the subject of retail advertising may be interested in the following references. This list is brief and selective. However, no slight is intended toward authors whose works are not mentioned.

Retail Advertising and Sales Promotion by Charles Edwards and Russell Brown. Prentice-Hall, Inc., Englewood Cliffs, N. J. $6.95.

How To Write Better Retail Advertising Copy. Sales Promotion Division, National Retail Merchants Association, 100 W. 31st St., New York, N.Y. $4.25 to NRMA members; $6.00 to nonmembers.

Newspaper Advertising For The Small Retailer by Isabelle M. Zimmerly. University of Illinois, College of Commerce and Business Administration, Urbana, Ill. Business Management Service Bulletin No. 851, 1954. 85 cents.

How To Design Effective Store Advertising by M.L. Rosenblum. Sales Promotion Division, National Retail Merchants Association, 100 W. 31st St., New York, N.Y. $13.50 to NRMA members; $18.00 to nonmembers.

How To Budget Advertising for Bigger Volume, More Profits by Budd Gore. Published by Retail Department, Bureau of Advertising, American Newspaper Publishers Assn., 485 Lexington Ave., New York, N.Y. Available from daily newspapers which are members.

Washington, D.C.

SMALL BUSINESS
ADMINISTRATION
U. S. Government Agency

Management
Research Summary

ADVERTISING IN SMALL RETAIL STORES

Some Results of a Research Study Made by the
College of Business Administration, University of Nevada, Reno, Nevada

HIGHLIGHTS

Newspapers were the most popular advertising medium among small retailers in the Nevada metropolitan areas studied. More than 80 percent of the small stores surveyed advertised in newspapers. Forty-five percent spent more than half their advertising budgets on this medium alone.

The advertising function was carried on by the owner or manager in 91 percent of the stores.

Sixteen percent of the retailers had no plan for deciding the overall amount to be spent for advertising. Among those who had a plan, the most frequently used methods were a planned percentage of sales and a fixed annual sum, in that order.

Sixty-six percent used more than half their advertising budgets for promoting specific commodities.

The small retailer's advertising effort can make the difference between success and failure. Yet he usually plans and carries out his advertising program with little but intuition and common sense to guide him.

The research reported in this Summary is a study of advertising patterns of small retail stores. Its purpose was to help small retailers improve their work in this area of their operations.

THE ADVERTISERS

In 91 percent of the 357 small Nevada stores surveyed, the owner or manager himself carried on the entire advertising function. Only 10 of the stores had advertising departments. In five, an employee did the job. Sixteen stores hired someone outside the company, usually an advertising agency.

The basic purpose of advertising, of course, is to increase profits by increasing sales. But the small retailers in the study were asked to express the purpose of their advertising in more specific, immediate terms. Forty-two percent saw it as a means of bringing about immediate buying action. Thirty-seven percent said their advertising was intended primarily to promote goodwill, and 16 percent aimed mainly to build product acceptance.

Table 1 shows the frequency with which different types of stores identified each of these purposes as their primary goal.

- Types of Customers Sought

Fifty-four percent of the small retailers interviewed directed their advertising chiefly toward potential new customers. Thirty-eight percent sought to influence both old and new customers. Only 8 percent appealed mainly to old customers.

The food stores put more than the average emphasis on the appeal to old customers--17

AVAILABILITY OF THE FULL REPORT

Copies of the full report, titled "The Extent of Retail Advertising As a Management Tool--Its Scope and Importance in Small Business," by C. T. Moore and T. R. Martin may be purchased for $3.25 from the Bureau of Business and Economic Research, University of Nevada, Reno, Nevada. Make checks payable to the University of Nevada.

This report was prepared under the 1959 Small Business Management Research Grant Program of SBA. It may be reviewed at any SBA field office or at certain depository libraries hose addresses may be obtained from the SBA field offices or from the Small Business Administration, Washington 25, D.C.

Table 1.--Number and Percentage of 357 Small Nevada Retail Stores Identifying One of Three Goals As the Primary Purpose of Their Advertising.

Kind of Store	Immediate Buying Action		Goodwill		Product Acceptance		Other	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Hardware	5	45.5	5	45.5			1	9.0
General merchandise			2	50.0	2	50.0		
Food	15	42.9	14	40.0	2	5.7	4	11.4
Automotive	27	51.0	13	24.5	12	22.6	1	1.9
Apparel and accessories	40	54.8	17	23.3	14	19.2	2	2.7
Furniture and equipment	32	41.5	24	31.2	18	23.4	3	3.9
Miscellaneous	30	28.8	58	55.8	8	7.7	8	7.7
All stores	149	41.7	133	37.3	56	15.7	19	5.3

percent did so versus 8 percent of the entire respondent group. On the other hand, the hardware and automotive stores were well above the average in the number appealing mainly to new customers, with 64 and 72 percent respectively.

- Commodity and Institutional Advertising

There was more emphasis among the stores surveyed on commodity than on institutional advertising. Sixty-six percent of the retailers used more than 50 percent of their advertising budgets for promoting specific products. The types of products usually emphasized are shown in table 2.

THE MEDIA

Newspapers were the most popular advertising medium in the areas studied. More than 80 percent of the small retail stores surveyed used newspaper advertising. Forty-five percent spent more than half their advertising budgets on this medium alone. Telephone-directory advertising ranked second in the number of firms using it, but was outranked by both radio and television in the amount spent on it.

Only about 25 percent of the stores had used direct-mail advertising. Those who did spent a relatively small percentage of their advertising budgets on it.

- Advantages and Disadvantages of the Media

The small retailers taking part in the study believed that each major medium had its own strong point: the newspaper, its traditional place as the primary medium for retail advertising; radio, the chance for frequent messages; television, the visual impact; direct mail, its selective nature.

Some stores put telephone-directory advertising high on the list of effective media. These stores had one thing in common--repair service was a large and integral part of their businesses. They believed that the telephone directory was the place people were most likely to look when they needed repair service.

The participating retailers also saw special weaknesses in each medium: the cost of newspaper space and television time; the difficulty of preparing a direct mailing; the relatively large number of radio stations in the area.

It is worth noting that 45 percent of the retailers had no criticism at all to make of newspaper advertising. The traditional place of newspapers in retail advertising is illustrated by the housewife examining the Thursday newspaper for food advertising or the Sunday edition for clothing advertisements. She has formed a habit of studying the newspaper ads. This gives the newspaper high status as a retail advertising medium.

ADVERTISING EXPENDITURES

Among stores taking part in the study, the most common basis for planning the total amount to be spent on advertising was a percentage of net sales. (The range of percentages used is shown in table 3.) The next most frequent basis was a fixed annual sum.

Sixteen percent of the small retailers had no plan for deciding on an overall amount. They spent money on advertising as the need arose.

Table 2.--Number and Percentage of 357 Small Nevada Retail Stores Emphasizing Various Types of Commodities in Their Advertising Programs

Kind of Store	Nationally Advertised Brands		Traffic Builders		Best Sellers		New Products		Slow Movers		Others		No Answer	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Hardware	4	36.3	3	27.3	1	9.1	1	9.1	1	9.1			1	9.1
General merchandise	2	50.0			1	25.0			1	25.0				
Food	11	31.4	10	28.6	7	20.0					6	17.1	1	2.9
Automotive	11	20.8	15	28.3	12	22.6	6	11.3	6	11.3	1	1.9	2	3.8
Apparel and accessories	14	19.2	13	17.8	21	28.8	15	20.5	6	8.2	1	1.4	3	4.1
Furniture and equipment	29	37.6	14	18.2	13	16.9	8	10.4	5	6.5	5	6.5	3	3.9
Miscellaneous	27	26.0	20	19.2	20	19.2	9	8.6	1	1.0	14	13.5	13	12.5
All stores	98	27.5	75	21.0	75	21.0	39	10.9	20	5.6	27	7.6	23	6.4

Table 3.--Percentage of Sales Spent on Advertising in 1959 by 220 Small Retail Stores in Nevada

Kind of Store	Number of Firms	Range (Percent)		Approximate Median
		Lowest	Highest	
Hardware	9	0.0 to 0.5	2.1 to 2.5	0.8
Department	3	1.1 to 1.5	3.6 to 4.0	2.3
Grocery	21	0.0 to 0.5	1.6 to 2.0	0.8
New motor vehicle	10	0.6 to 1.0	Over 5.0	1.3
Used motor vehicle	5	0.0 to 0.5	4.6 to 5.0	1.3
Tires, batteries, and accessories	9	0.0 to 0.5	Over 5.0	2.3
Miscellaneous automotive and marine	12	0.6 to 1.0	4.1 to 4.5	1.3
Men's and boys' clothing	7	1.1 to 1.5	Over 5.0	3.3
Women's ready-to-wear	16	0.0 to 0.5	Over 5.0	2.3
Children's wear	4	1.6 to 2.0	3.1 to 3.5	2.3
Family clothing	6	1.1 to 1.5	4.1 to 4.5	2.3
Shoes	15	1.1 to 1.5	Over 5.0	2.8
Furniture and equipment	33	1.1 to 1.5	Over 5.0	2.8
Household appliances	23	0.0 to 0.5	Over 5.0	2.8
Radio and television	13	0.0 to 0.5	Over 5.0	3.3
Drug and proprietary	15	0.0 to 0.5	Over 5.0	1.3
Liquor	4	0.0 to 0.5	1.6 to 2.0	0.3
Sporting goods	7	0.0 to 0.5	4.6 to 5.0	1.3
Jewelry	8	1.6 to 2.0	Over 5.0	2.8

More than half the stores (55 percent) reported spending about the same amount for advertising in their best and poorest quarters in 1959. Only 10 percent spent less in their best quarter than in their poorest; 35 percent spent more.

- Cooperative Advertising

Forty-three percent of the small stores took advantage of cooperative advertising--that is, retail advertising in which the supplier shares the cost. Only one retailer said that he chose not to use it. The remaining stores reported that cooperative advertising had not been available.

Reduction in advertising expense was the most frequently mentioned advantage of this type of advertising. Another major advantage was that it helped the retailer do a better advertising job.

- Checking the Results of Advertising

Almost a third of the small retailers in the survey said they did not check the results of their advertising. Of those who did check results, 59 percent did so by studying sales volumes, 20 percent by making consumer surveys, 15 percent by observing store traffic, and 6 percent by miscellaneous other means.

RECOMMENDATIONS

The report suggests some basic questions as a framework on which the small retailer may build his advertising program.

- How much shall I spend?

The small retailer must decide whether to base his advertising budget on a percentage of planned sales or on a fixed annual amount. Larger retailers typically use the percentage-of-planned-sales method because it allows more flexibility. But the important thing is to have a definite plan on which to base decisions about advertising expenditures.

- Why am I advertising?

What is the specific aim of the advertising planned? To build goodwill? To stimulate buying action now? To build product acceptance? The small retailer should have his purpose clearly thought out before he embarks on an advertising project.

- Whom am I trying to reach?

In this study, the question was limited to old versus new customers. The small retailer needs to look at it from other angles as well--age, income, social group, and so on.

- What shall I advertise?

The first decision the small retailer must make here is whether to use a commodity or an institutional approach. Either policy, if it fits the whole situation and is carried out with zest, can bring good results.

If the decision is to stress commodities, another question must be answered. What type of commodity shall be played up--nationally advertised brands, traffic builders, best sellers, slow movers? The nature of the merchandise handled, consumer habits, and other aspects of the marketing environment are important factors.

- Where shall I advertise?

The retailer must weigh the strengths and weaknesses of each medium for his own particular situation. For example, what is the visual impact of television worth to him, or the possibility for selectivity in a direct mailing? Where are the customers he is trying to reach most likely to look for the commodities he offers? What help will representatives of the medium give in preparing the ad?

- When shall I advertise?

During the best season or the worst? Or uniformly through the year? Most of the firms taking part in the study spent in their best quarters as much as or more than in their worst quarters. But it is possible that the opposite policy might work well for some stores.

The retailer's decision will depend on what type of commodity he sells, his store's financial structure, what his competitors are doing, and other market factors.

- Did I spend my money well?

The small retailer must juggle a large number of variables in working out his advertising program. There is no way of insuring in advance that his decisions will bring the best possible results. It is even hard to check the results after the advertising has been run.

But the report points out that if the small retailer hopes to approach high efficiency, he must check the results of each advertising project. He can do this by watching sales volume, store traffic, premium returns, or whatever index he may work out.

ABOUT THE STUDY

Retail stores of two metropolitan communities in Nevada--the Reno and the Las Vegas areas--were included in the study. Of 403 small retail stores cooperating in the study, 46 did no paid media advertising. The data cover the remaining 357 stores.

The appendix to the full report gives data for the two areas separately. It also includes similar data for 65 larger stores surveyed for the purpose of comparison. In all, 196 tables appear in the report and the appendix.

SMALL BUSINESS ADMINISTRATION

SMALL MARKETERS AIDS No. 72

Washington 25, D. C.

DIRECT MAIL ADVERTISING FOR SMALL RETAILERS

By *R. M. Lovejoy*, Professor of Retailing,
College of Business Administration, Drake University, Des Moines, Iowa

SUMMARY

Direct mail advertising is similar to other advertising with some distinctive characteristics which can be extremely valuable to small marketers. They are: (1) It is a personal contact with a selected prospect; (2) It can be sent to a limited number of especially qualified prospects and written to appeal strongly to them; (3) It can be concealed from competitors in a way not possible with any other advertising; (4) It can be scheduled to reach your prospects on any given day you desire--for timely specials, or for the continuity of regular weekly or monthly contacts; (5) Perhaps most important, small marketers can easily measure direct mail's effectiveness so as to keep its cost in balance with sales and profit results.

This control is very important to the small store which does not need and cannot afford the big circulation of city newspapers. These characteristics give direct mail great strength and flexibility. Small marketers will want to provide for it in their advertising budgets as a part of their promotional programs.

DANGERS TO AVOID

Direct mail, like all other advertising, must be well done to be effective. Perhaps it has even more dangers than other forms of advertising, any one of which can sharply reduce its effectiveness. If you have experimented unsuccessfully with direct mail, any of the following hazards may have been the cause. In order to be successful your direct mail must:

(1) Be sent to a select list of customers and prospects who can be given strong reasons for coming to your store. This list must be kept accurate and up-to-date. (Remember that one out of five families, on the average, will move every year.)

(2) The sales message which you send to them must tell them "what they want to hear," or BENEFITS which they will gain from shopping with you.

(3) Your sales message must be personal.

(4) The mailing must fit the personality of your store, the merchandise or services advertised, and the people to whom it is addressed.

(5) Each piece must be a selling piece. "Ask for the order"--try to get the reader to buy a specific item so you can measure the apparent selling effectiveness of it.

In addition, you may want to experiment further with your mailings and see if improved results justify the increased cost. For example you might try: different grades and weights of paper; different printing processes; postcards, letters, pamphlets, or broadsides; individually addressed mail or simply "occupant"; use of good illustrations or straight copy; price appeals, quality appeals, service appeals, or convenience features. Other advertisers have found significant variations in the pulling power of their direct mail with changes such as these.

TYPES OF DIRECT MAIL ADVERTISING

Types of direct mail vary from a three-cent postcard hand-written and hand-addressed to the thousand-page, four-color mail-order catalog. In between these two come the more common forms in which you will be most interested--bulletins, pamphlets, letters, and so forth.

Any mailing may be used in any of three ways:

A single mailing to a single list of prospects (for making important announcements such as introducing new lines or new personnel, or a special promotion or short-term sale);

A short sequence of five or six mailings designed to sell a single offer, (essentially a repetition of a basic propostion with each mailing attracting a decreasing share of mailing addressees); or

A continuing series of regularly scheduled mailings weekly, semi-monthly, or monthly, (a sustained campaign to the same mailing list with a different sales story in each mailing--very satisfactory for "neighborhood" stores where use of other advertising is impossible or impracticable).

The following are widely used programs which you may find suitable for your type of selling.

(1) Regular Weekly Mailing. You can use this approach at times when newspaper advertising is impractical for some reason--(more circulation than you need as in metropolitan areas, or less circulation than you need as in some small communities.)

This mail piece often resembles the newspaper advertisements of the large stores. You have to keep this presentation fresh and interesting. It must have some attention getting "specials," and it must be timely.

It must also emphasize the reasons why a customer should come to YOUR store. You should stress such factors as: convenient location, friendly atmosphere, plentiful parking, charge account, famous brands, and any special services you offer.

You can mimeograph this type of mail piece. You may want to distribute it door-to-door rather than mailing it as bulk mail. Either way, you can reach each family with a weekly message which you have tailored to tempt them into your store or service establishment. However, it seems that more people read the advertisement if you mail it.

Once you start this program and your customers come to depend on it, you should continue it or you may lose any patronage which your weekly ads have generated.

(2) Coupon Mailing. This is a powerful, short-term, special-event type of promotion. It is especially good for such occasions as grand openings, remodelings, the addition of a new department, or the introduction of a new feature or service.

It is a letter telling customers and prospects of the news and inviting them to visit your store for further details. It can be sent as bulk mail.

People Respond
To This Word

You add a coupon which offers something free--or at a reduced price--to bring the reader into your store. It can be a single coupon for a "one shot" promotion. Here the coupon value must be substantial if it is to attract to the store a high percentage of your readers. Some people feel it is better to make this value "too good" rather than to err on the side of making it "not good enough."

Coupon promotions may wear themselves out if overused. It is better to use them sparingly--with really good values each time--than to attempt to use them too often with small values on the coupons.

For grand openings you may want to use the following variation. Mail out a series of three or four coupons, each one dated for use during a single week. Experience shows that customers will save such coupons (if they are of real value) for as long as three or four weeks. They will come in during the correct week to cash the coupon.

This technique helps prospects to form the habit of returning to your store week after week. It is expensive, so you have to regard it as an investment for building future business.

Be sure to send this kind of promotion to every family in your market area. Don't risk offending your regular customers by omitting them.

Special Ad May
Bring Them To
Your Store

(3) Special Letters. This is one of the most valuable uses of direct mail advertising. It permits you to talk to a particular type of prospect with comparatively little waste circulation. For example, you can send a special letter addressed to the parents of every new baby born in your market area. You personalize the special letter by addressing it to the individual instead of sending it as bulk mail.

You can send a letter to every new person who moves into your market area, inviting him or her to visit your store or service establishment. Here you can include a "get acquainted" offer.

You can use special letters to introduce new members of your organization and other changes, such as adding night shopping hours. Of course, they are cheaper if they are sent as bulk mail. In such a general announcement you do not need the first class postage touch which is required when you write to one segment of your customers or prospects, such as parents of new babies.

(4) Other Important Mailings. You can use direct mail advertising to sell to special groups. For example, you can send a single announcement of a special item to the members of a lodge, a fraternity, a church, a women's club, or a men's service club. Or you can advertise items which are needed and wanted by groups such as: doctors, dentists, lawyers, ministers, school teachers, and residents on rural routes.

These prospective customers can become an exceedingly profitable portion of your total business, if you will develop them in this way. You can find items in your store which are especially appropriate for these special groups.

Or, by investigating, you may discover items which these groups would buy from you, if you stocked them and promoted them to each group by direct mail.

You may be able to assemble lists of these names from the telephone directory or city directory. Or you can get information on where to buy lists by reading *Small Business Bulletin* No. 29-"National Mailing-List Houses." It is available free at your nearest SBA office.

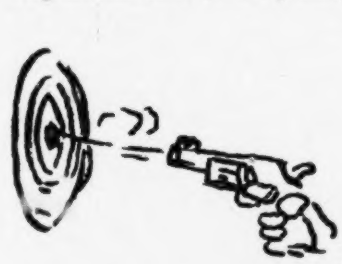
PLANNING YOUR DIRECT MAIL

Don't discount the selling power of direct mail even though you may not have done so well with some of your mailings. Don't avoid it because you feel that you don't know how to do it. Don't be satisfied with mediocre results once you have started.

Direct mail advertising can be as successful and profitable for you as it is for the advertisers now using it. (The volume of direct mail advertising which you receive indicates its success. Direct mail advertisers analyze the sales results of every mailing, and its continued use is strong evidence of its profitability.)

However, you may have to teach yourself how to use it and how to write it, and check your results continually in an effort constantly to increase its effectiveness. The following suggestions may help you to achieve some profitable returns even from your first venture. Remember always that this is your own personal contact with each addressee--and that your message should reflect the "personality" which you wish to present to the customer or prospect who will read it.

(1) Figure out exactly what you expect this one ad to do, and pinpoint it to one specific thing--sell a certain quantity of an item, bring into the store some certain customers, or increase sales in one department. (Put yourself in the place of the person who will receive the mail piece. Ask yourself whether this piece makes you react in the way you hope the customer will react.)


Shoot To Hit
Your Goal

(2) Determine as nearly as you can exactly what the prospective customer "wants to hear" before he or she will actually take positive action--for example, clip the coupon, or come to your store to buy an item.

(3) Buy, or put together, a mailing list which is narrowed down to the specific prospects you want to reach. Sometimes you can buy it. Often you can develop it from your own records (invoices, checks cashed, registrations for prizes, or from automobile licenses in your parking lot) or from local sources such as the city directory or telephone directory.

WRITING THE AD

Now you are ready to begin putting the message itself on paper. The following steps should help you to make your message say what it should:

(1) Design a rough outline of the material you want to include. Don't worry about details. Indicate roughly the picture you plan to use, if any; the main appeal you want to make to the reader; and the supporting facts you will include.

Give The Printer
Your Ideas

This is the point at which you decide upon the most effective type of mail piece--a letter, a card, a handbill, or poster. You also decide here whether it should be an impressive and expensive item or whether it should be as economical as possible.

(2) Now you are ready to start actually writing your message. This is perhaps a formidable step, but practice and experience may help to make it easier. The following pointers are worth keeping in mind:

- Talk over the message with one or two other persons. This helps you to develop an easy personal, and friendly style which is convincing. Make notes as you talk.
- With your notes before you, write out the message as a personal letter to some specific person whom you know--or whom you can visualize. A presentation that would convince this specific person will, in most cases, convince other people with similar needs and wants.
- Cover the subject. Get into this letter EVERYTHING that you want to say and say it in different ways if you wish.
- Next, boil down this long letter. Condense it and arrange it in the sequence which seems to be strongest and most effective. Get some other people to read and criticize it. Re-write some of it, two or three times if necessary, to make it fit your store, products and customers.

As you condense this long draft, try rearranging the subjects covered to do these things: get attention, get the personal interest of the reader, make the reader want what you have to sell, convince the reader that it is a good value, and ask for the order. Urge him to act promptly.

(3) Now you are ready to hammer your direct-mail piece into finished form--into a layout for your printer. Measure off on a sheet of paper

the size of the finished job. Block out space for any illustrations you will use, and label each space clearly to identify the picture.

Then, insert the reading material around the spaces you left for illustrations. Print your headlines in about the size you wish the printer to make them. You can type, paste in, or hand letter the blocks of copy. The important thing is that you make a layout which your printer can follow EXACTLY. It is his guide for type sizes and arrangement.

(4) Discuss your finished layout with your printer. He can help you make your direct-mail piece attractive and appealing. For example, he can help you choose the type of paper for the direct-mail piece; give you suggestions about color, layout improvements, possible modifications of size, possible ways to mail it, and setting it up to provide a return card.

RUNNING THE DIRECT MAIL PROMOTION

Your local printer will print your ad for you and may or may not arrange the mailing for you. If he does not, you must provide the manpower to handle the addressing and envelope-stamping within your own firm. (Some mailings you may wish personally typed and addressed.)

Then you must decide upon the correct timing in terms of its delivery. This may call for delivery the morning after payday or for the Thursday before a holiday or to avoid heavy mail often received the first of the week.

The timing must also fit the availability of merchandise stocks in the store and the readiness of the store to handle the anticipated increase in traffic and sales.

Also, you should set up and keep the necessary records on the results of your mailing. Stock counts of merchandise on hand should be made to permit an accurate estimate of items sold. Or in case of a coupon mailing or registry for prize drawings, and so forth, necessary facilities must be planned in advance.

Be sure those who come to your store are treated so well that they will want to return.

FOR FURTHER INFORMATION

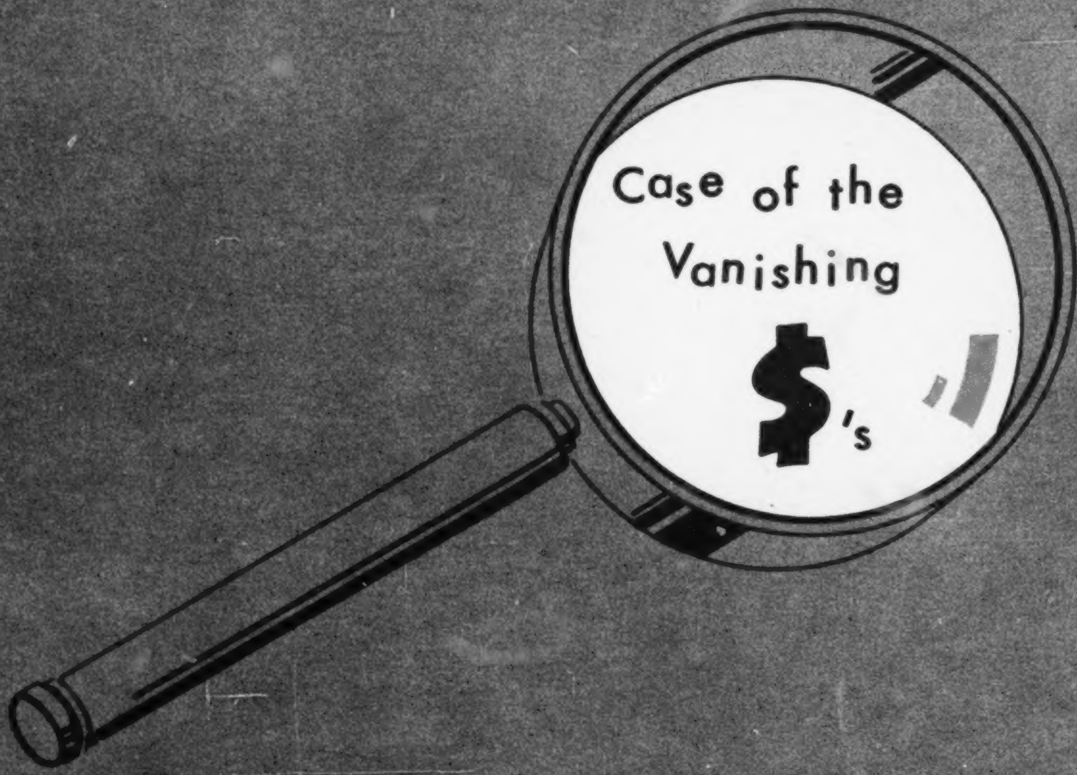
Businessmen may consult the following references for additional study and guidance. This list is necessarily brief and selective. No slight is intended towards authors whose works are not included.

Direct Mail File of 100 Ideas. Direct Mail Advertising Association, 3 E. 57th St., New York 22, N. Y. 1957. $2.50 members; $5.00 non-members.

"Direct Mail: Finding New Growth, New Stature." *Printer's Ink,* Jan. 27, 1961. Printer's Ink, 100 Garfield Ave., New London, Conn. $5.00 Per year. Single copy, 25 cents.

Successful Direct Mail Advertising and Selling. Robert Stone. Prentice-Hall, Inc., Englewood Cliffs, N. J. 1955. $5.75.

"National Mailing-List Houses." *Small Business Bulletin* No. 29. Available free from Small Business Administration, Washington 25, D.C.



CASES IN POINT

Case Studies for Depth Penetration

Section

The case method has proven stimulative and effective in many administrative management courses. The following case material is suggested as a means of encouraging discussion.

It is suggested that one full session be devoted to the presentation of the topic as outlined in this manual. A case can sometimes be used to stimulate or augment the discussion period that follows the presentation. This could be one way of expanding the basic materials into an advanced course on the subject.

THE CASE METHOD OF STUDY

The case method is a teaching device that helps the student learn through the processes of reasoning and decision making. Other popular teaching techniques stress learning or memorizing other people's knowledge on a given subject. The case method stresses his thinking abilities rather than his memory; it is dynamic, not passive.

What is a case? It is a description of an actual or true-to-life business situation. It is a statement of facts, opinions, and judgments--in short, a problem having no pat answer but lending itself to discussion and analysis.

The case method is particularly helpful in teaching businessmen because it uses real, practical problems rather than abstract situations. Properly used, it involves the participants in a way that will hold their interest and stimulate their thinking. It is particularly useful in developing in the individual (1) the ability to make decisions on administrative tasks (without incurring the penalties of a wrong decision on the job); and (2) the habit of thinking analytically and constructively.

The case method also highlights the value of group discussion and analysis. Each member of the group contributes from his unique experience, and each participant gains from the others. The group's knowledge and experience will exceed that of any one participant--including the instructor.

The following checklist can serve as a procedure for conducting case study and analysis:

Suggestions for Case Study

1. Read the case carefully for general content.

2. Arrange the facts of the case in order of importance.

3. Recognize and define the major problem(s) needing solution.

4. Analyze the problems and their relative importance.

5. Search for and establish alternative solutions.

6. Select the most desirable of the appropriate solutions.

7. Analyze your probable solutions; set up the pros and cons, giving value to each.

8. State your choice, decision, or final conclusion--and be prepared to defend it.

9. Set forth the plan or plans you would follow to implement the decision.

FOSTER HARDWARE STORE

Selecting the Media*

As a result of decreasing sales volume, Mr. Foster has decided to analyze his advertising program to determine if he should make any changes in his advertising policies.

The Foster Hardware Store is located in a town of 50,000 and is in the downtown shopping district. Although when the store was started Mr. Foster's father had handled only hardware items, during the past 10 years such products as household utensils, appliances, patio furniture, and sporting goods have been added.

At no time in the history of the business has more than 2 percent of sales been used for advertising. However, Foster's has placed its advertising emphasis on those products manufactured by companies which provide free mat services and give advertising allowances; therefore, each year they have been able to place more ads than if they had relied solely on their own advertising budget. Advertising has been divided among the various media as follows: 75 percent for newspapers; 15 percent for direct mail; and 10 percent for radio.

The newspaper which Foster has used for its advertising has a combined morning and evening circulation of 50,000. There is no other newspaper in the city, but a Shopping News is put out once a week by a number of local merchants. Foster has never placed any ads in it because it is his opinion that it does not have sufficient reader appeal. Foster places three or four small ads each week in both the morning and evening editions of the paper. The primary objective of the ads has been to keep the name Foster before the public and, at the same time, inform the customers about the products the store handles. While no preferred positions are purchased, Foster tries to get the ads for household wares, gifts, and appliances in the general section of the newspaper, and the "do it yourself materials and tools" ads on the financial and sports pages.

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*Adapted from Charles J. Dirksen and Arthur Kroeger, Advertising Principles and Problems, 1960, Richard D. Irwin, Inc., Homewood, Illinois, pp. 256-60. $11.95.

For the past few months, the Foster store has had a high percentage of its ads in unfavorable positions in the newspaper. In some instances, the ads have been placed in the middle of three or four other small ads; in other cases, they have appeared below or at the side of larger ads, which has made it difficult for readers to single out the Foster ads.

Foster has complained to the newspaper and has even tried different layouts to make his ads more appealing. However, he has been unable to get satisfactory results and has been considering whether or not it would be advisable to spend the extra 25 percent to secure preferred positions. Recently, a representative of KOO, a 1,000-watt radio station in the city, called on Foster to inform him that a rating survey has given KOO the top rating among the four local radio stations. The survey also has revealed that KOO serves an area of 45,000 families. Ninety-eight percent of these have one or more radios in their homes. KOO has a listening audience of 38,000 during the day and 12,000 from 6:00 p.m. to 12:00 p.m. The decline in the evening is attributed to the fact that the people in the area watch television a great deal. Although there is no television station in the city, there are three stations located 50 miles away which are received without any interference.

The radio representative has emphasized that KOO would provide excellent coverage of the entire Foster trading area at a relatively low cost. He has also pointed out that the Foster store should consider changing its approach in order to check the declining sales trend. He believes that through the use of radio advertising, Foster would be able to vitalize his sales message in such a way as to secure immediate results.

QUESTIONS

1. What advertising media would you recommend for the Foster Hardware Store?

2. Do you believe it would be more effective for Foster to use a few large ads instead of the three or four small ones each week?

3. When should a small advertiser pay the extra amount to secure preferred positions in a newspaper?

4. Do you think Foster can use radio advertising effectively? Discuss.

THE INCUBATOR

A How To Do It

Section

Experience has shown that people achieve maximum benefit from a conference, staff meeting,or training session when a period of incubation follows the implantation of the new idea, new information, or "new slant."

This is a do-it-yourself section that will allow the participants to try out or apply the ideas and information gained from this session.

This material may be reproduced locally for distribution to course participants.

SUGGESTED INCUBATOR ASSIGNMENT

Advertising is important to the successful operation of a small business. A lot of time, failures in a small firm can be traced back to poor use of advertising potential. The following questions point up areas that an owner or manager should be particularly concerned with. Do you know the answers?

Lie Detector Test*

True or False

1. T F A large ad run once every 2 months will generally get better results than a series of small ads run every week.

2. T F The amount of money a retail firm should spend for advertising is determined largely by past years' sales.

3. T F For the most part, retail stores do not attempt to create a demand for the goods they carry.

4. T F If your store is organized on a departmental basis, the percentages of advertising spent in each department should closely conform to the average for the store.

5. T F The advertisement itself, rather than its position in a newspaper, determines the number of people that will read it.

6. T F Package inserts are a cheap and effective method of advertising for a store.

7. T F The best time for a small hardware store to promote and advertise camping equipment is in November, when clearance sales can be promoted.

8. T F Direct mail advertising is limited chiefly to large stores because of the high cost in relation to additional sales.

9. T F Direct mail advertising is an effective method for introducing new products.

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*From How To Organize and Operate a Small Business, California State Department of Education (Instructional Outline).

10. T F Radio advertising requires a different viewpoint than does newspaper advertising.

11. T F A retailer, advertising a new line of style merchandise, would find the appeal to a customer's desire to possess things as the best buying motive.

12. T F Advertising will affect the sale of style merchandise more than it will simple merchandise.

13. T F The merchandise manager is in charge of advertising in the large department store.

14. T F Increased sales will not always justify the cost of advertising.

15. T F Advertising will not sell a line of outmoded bedroom furniture that customers do not want.

Answers:

1 - T; 2 - T; 3 - F; 4 - T; 5 - F; 6 - T; 7 - F; 8 - T; 9 - T;
10 - T; 11 - T; 12 - T; 13 - F; 14 - T; 15 - F.

BIBLIOGRAPHY

Topic: Effective Advertising

This selected bibliography is composed of books, booklets, and pamphlets that are useful in a study of advertising for small businesses. In keeping with the editorial policy of this series, this list has been kept brief. No slight is intended toward authors whose works are not included. Many of these publications can be obtained at libraries and bookstores, or from the publishers; the free SBA leaflets mentioned can be obtained from the nearest SBA office or ordered from the Small Business Administration, Washington, D.C. 20416.

Arnold, Edmund C. Profitable Newspaper Advertising. 1960. 136 pp. $4.50. Harper and Row Publishers, Inc., 49 East 33d St., New York, N.Y. 10016.

Graham, Irvin. Encyclopedia of Advertising. 1952. 606 pp. $6.50. Fairchild Publications, Inc., 7 East 12th St., New York, N.Y. 10003.

How To Use Television Successfully. 1960. 12 pp. Price, members, $5; nonmembers, $12. National Retail Merchants Association, 100 West 31st St., New York, N.Y. 10001.

How To Write Better Retail Advertising Copy. 1962. Price, members, $4.25; nonmembers, $6. National Retail Merchants Association, 100 West 31st St., New York, N.Y. 10001.

Kelley, Pearce C., and Kenneth Lawyer. How To Organize and Operate a Small Business. 3d ed. 1961. 618 pp. $10.60. Prentice-Hall, Inc., Englewood Cliffs, N.J. 07632.

Rosenblum, M. L. How To Design Effective Store Advertising. Price, members, $13.50; nonmembers, $18. National Retail Merchants Association, 100 West 31st St., New York, N.Y. 10001.

The Sales Promotion Encyclopedia. 1959, supplement included. 350 pp. Price, members, $25; nonmembers, $40. National Retail Merchants Association, 100 West 31st St., New York, N.Y. 10001.

Vincent, Zola. GMA Book of Grocery Advertising and Selling. 7th ed. 1962. 190 pp. $1. Grocery Manufacturers of America, Inc., 205 East 42d St., New York, N.Y. 10017.

Small Business Administration Publications:

"Advertising for Profit and Prestige," Small Marketers Aids No. 56. 1960. Free.

"Direct Mail Advertising for Small Retailers," Small Marketers Aids No. 72. 1961. Free.

"Checklist for Successful Retail Advertising," Small Marketers Aids No. 96. 1963. Free.

"Direct Mail Advertising for the Small Manufacturer," Management Aids for Small Manufacturers No. 172. 1965. Free.

Retailers often rely upon one or more trade papers in their particular field to obtain suggestions of advertising and selling, particularly for such aids as sales promotion calendars. One of several publishers of specialty trade papers is Fairchild Publications, Inc., 7 East 12th St., New York, N. Y. 10003.

Daily and weekly newspapers published for retailers include: Daily News Record (Department Store), Drug News Weekly, Footwear News, Home Furnishings Daily, Men's Wear Magazine, Supermarket News, Women's Wear Daily.

For comprehensive lists of trade periodicals, consult the following guides (available in many libraries):

N. W. Ayer and Son's Directory of Newspapers and Periodicals. N. W. Ayer and Son, West Washington Square, Philadelphia, Pa. 19106.

Business Publication Rates and Data. Standard Rate and Data Service, Inc., 5201 Old Orchard Rd., Skokie, Ill. 60077.

Retailers will also find the trade publications of the advertising industry helpful for promotional ideas and advertising techniques. Publications of this type are:

Advertising Age, 740 N. Rush St., Chicago, Ill. 60611. Weekly $5 a year.

Printers' Ink, 635 Madison Ave., New York, N. Y. 10021. Weekly; $7 a year.

Many of the retail trade associations provide services to their members in the field of advertising, and some have material on this subject available for general distribution. For a listing of such organizations, consult the U. S. Department of Commerce publication Directory of National Associations of Businessmen (1961), which lists 70 associations in retail trade. This booklet may be ordered for 50 cents from Superintendent of Documents, Washington, D. C. 20402, or is available for reference at all Department of Commerce Field Offices and at many libraries.

Larger business centers have local advertising clubs whose memberships include advertising managers of retail stores, executives of local advertising agencies, and executives of such advertising media as newspapers, radio, direct mail, and outdoor advertising. Many of these local advertising clubs are affiliated with the Advertising Federation of America, 250 West 57th St., New York, N. Y. 10019, which has some material on retail store advertising available for general distribution.

At press-time, the National Cash Register Company was in the process of revising several of its Merchants Service publications. Previous helpful titles include the following:

Advertise--To Promote Your Business--To Sell Your Goods. 1960. 28 pp. Free.

Display Selling. 1960. 24 pp. Free.

Making Your Windows Work for You. 1960. 21 pp. Free.

These publications, or information about the new titles, can be obtained from National Cash Register Co., Merchants Service, Dayton, Ohio 45409.

U. S. GOVERNMENT PRINTING OFFICE : 1965 O - 779-587

SMALL BUSINESS ADMINISTRATION
LISTING OF FIELD OFFICES

Agana, Guam
Albuquerque, New Mexico
Anchorage, Alaska
Atlanta, Georgia
Augusta, Maine
Baltimore, Maryland
Birmingham, Alabama
Boise, Idaho
Boston, Massachusetts
Buffalo, New York
Casper, Wyoming
Charleston, West Virginia
Charlotte, North Carolina
Chicago, Illinois
Clarksburg, West Virginia
Cleveland, Ohio
Columbia, South Carolina
Columbus, Ohio
Concord, New Hampshire
Dallas, Texas
Denver, Colorado
Des Moines, Iowa
Detroit, Michigan
Fargo, North Dakota
Hartford, Connecticut
Helena, Montana
Honolulu, Hawaii
Houston, Texas
Indianapolis, Indiana
Jackson, Mississippi
Jacksonville, Florida
Kansas City, Missouri
Knoxville, Tennessee
Little Rock, Arkansas
Los Angeles, California
Louisville, Kentucky
Lubbock, Texas
Madison, Wisconsin
Marquette, Michigan
Marshall, Texas
Miami, Florida
Minneapolis, Minnesota
Montpelier, Vermont
Nashville, Tennessee
Newark, New Jersey
New Orleans, Louisiana
New York, New York
Oklahoma City, Oklahoma
Omaha, Nebraska
Philadelphia, Pennsylvania
Phoenix, Arizona
Pittsburgh, Pennsylvania
Portland, Oregon
Providence, Rhode Island
Richmond, Virginia
St. Louis, Missouri
St. Thomas, U. S. Virgin Islands
Salt Lake City, Utah
San Antonio, Texas
San Diego, California
San Francisco, California
Santurce, Puerto Rico
Seattle, Washington
Sioux Falls, South Dakota
Spokane, Washington
Syracuse, New York
Washington, D. C.
Wichita, Kansas

The addresses and telephone numbers of these field offices are listed under United States Government in the respective city telephone directories.

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on Adult Education

- GRAY — The Lesson Plan

- RUST — The Presentation

- BUFF — The Visual Aids

- GREEN — The Supply Department

- YELLOW — Cases in Point

- BLUE — The Incubator